No. _____

IN THE

Supreme Court of the United States

RETURN MAIL, INC.,

Petitioner,

v.

UNITED STATES POSTAL SERVICE and UNITED STATES,

Respondents.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The government cannot be sued for patent infringement under the Patent Act, 35 U.S.C. §§ 1 *et seq.*, because it can take "a license to use the inventio[n]" by "exert[ing] the power of eminent domain." *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 305 (1912). Thus, a patent owner's exclusive remedy for governmental use is to pursue a compensation action under 28 U.S.C. § 1498(a) at the U.S. Court of Federal Claims.

In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), which allows a "person" who has been sued for patent "infringement" to challenge the patent's validity through a covered business method (CBM) review before the Patent Trial and Appeal Board. Respondent, the U.S. Postal Service, petitioned for CBM review of Petitioner's patent after Petitioner filed suit under § 1498(a). The Board instituted the review, concluding that it has authority to adjudicate proceedings initiated by the government, and later issued a final decision invaliding Petitioner's patent. The Federal Circuit affirmed, over a dissenting opinion. The questions presented are:

1. Whether the government is a "person" who may petition to institute review proceedings under the AIA.

2. Whether a § 1498(a) action for the eminent domain taking of a patent license by the government is a suit for patent "infringement" under the AIA.

PARTIES TO THE PROCEEDING BELOW AND RULE 29.6 STATEMENT

Petitioner Return Mail, Inc. has no parent corporation, and no publicly held company holds 10% or more of its stock.

Respondents are the United States Postal Service and the United States.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Return Mail, Inc. ("Return Mail") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The Patent Trial and Appeal Board's Decision to Institute Covered Business Method Review (Pet. App. 98a—139a), and that Board's Final Written Decision (Pet. App. 57a–97a) are unreported. The Federal Circuit's opinion (Pet. App. 1a–56a) is reported at 868 F.3d 1350 (Fed. Cir. 2017). Its order denying rehearing en banc (Pet. App. 140a–41a) is unreported.

JURISDICTION

The judgement of the court of appeals was entered on August 28, 2017. A timely petition for rehearing was denied on December 15, 2017. On February 28, 2018, The Chief Justice extended the time to file a petition for a writ of certiorari to and including May 14, 2018. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The pertinent statutory provisions are reproduced in the appendix to this petition. Pet. App. 142a–58a.

STATEMENT OF THE CASE

As even the Federal Circuit majority conceded, this case involves an "oddity": whether the government may "enjoy the unique advantage of not being estopped" after challenging patents through AIA review proceedings. Pet. App. 28a–29a. Eschewing this Court's precedent and generally applicable rules of statutory construction, the Federal Circuit held—over a vigorous dissent—that the government is a "person" who may petition for AIA review of issued patents *without* facing the estoppel consequences that apply to private parties. In reaching that anomalous result, the Federal Circuit once again blazed its own trail and violated the rule that "patent law is governed by the same . . . methods of statutory interpretation, and procedural rules as other areas of civil litigation." *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954, 964 (2017) (alteration, citation, and punctuation omitted).

I. STATUTORY BACKGROUND

A. Post-Issuance Review Proceedings Under the AIA

In 2011, Congress enacted the AIA to facilitate the expeditious and economical resolution of patent validity disputes. The AIA authorizes the Board to review and invalidate issued patents through three separate classes of proceedings: inter partes reviews, post-grant reviews, and CBM reviews. *See* 35 U.S.C. §§ 311, *et seq.*; AIA § 18, Pub. L. 112-29, 125 Stat. 284 (2011). Over the last six years, more than eight thousand AIA review petitions have been filed, resulting

in nearly two thousand decisions invalidating at least one patent claim.

Although differences exist between the three classes of AIA review proceedings, each type of review "allows private parties to challenge previously issued patent claims in an adversarial process before the Patent Office that mimics civil litigation." *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1352 (2018). All AIA review proceedings are initiated in the same way: a "person" files a "petition" with the Board challenging one or more patent claims. 35 U.S.C. §§ 311(a), 321(a); AIA § 18(a)(1)(B). For example, the provision governing inter partes reviews states that "a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent." 35 U.S.C. § 311(a).

If the Board institutes the requested review, "the Patent Office must 'issue a final written decision with respect to the patentability of *any* patent claim challenged by the petitioner.'" *SAS Institute*, 138 S. Ct. at 1351 (emphasis in original) (quoting 35 U.S.C. § 318(a)); *see also* 35 U.S.C. § 328(a); AIA § 18(a)(1). Once the Board issues a final written decision, the petitioner is estopped in federal district court and the International Trade Commission (ITC) from challenging the same patent claims on any ground that the petitioner raised during the review proceeding. *See* 35 U.S.C. §§ 315(e)(2), 325(e)(2); AIA § 18(a)(1)(D).

CBM reviews may be instituted only with respect to patents that claim "a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or

management of a financial product or service." AIA § 18(d)(1).[1] A petitioner in a CBM review proceeding may challenge the validity of a patent on a broader range of grounds than in inter partes review. *See* 35 U.S.C. §§ 311(b), 321(b); AIA § 18(a)(1). But not all "person[s]" may seek CBM review; instead, "the person or the person's real party in interest or privy" must have "been *sued for infringement* of the [challenged] patent" or have "been *charged with infringement* under that patent." AIA § 18(a)(1)(B) (emphases added). Thus, for the Board to have authority to institute CBM review, at least two requirements must be met: *first*, the petitioner must be a "person," and *second*, the petitioner must have been "sued for" or "charged with" patent infringement.

These provisions reflect Congress' deliberate creation of a balanced regime to encourage the expeditious and economical resolution of patent validity disputes through administrative proceedings. To achieve this goal, Congress balanced the scope of the Board's authority to institute review proceedings against the scope of the estoppel provision. *See, e.g.*, *Patent Reform Act of 2011*, 157 Cong. Rec. S936-02, S952 (statement of Sen. Grassley) (AIA's estoppel provision "significantly reduce[s] the ability to use post-grant procedures for abusive serial challenges to patents"). Additionally, these provisions reflect Congress' intent that "a final decision in a post-grant review process

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[1] Although the AIA is generally codified in Title 35, the provision that governs CBM reviews, AIA § 18, is not codified. For purposes of conducting CBM review proceedings, § 18 is considered to be part of the broader chapter 32 provisions of Title 35, specifying the standards and procedures of post-grant review proceedings. *See* AIA § 18(a)(1).

will prevent the petitioner . . . from challenging any patent claim on a ground that was raised in the post-grant review process," because Congress "recognize[d] the importance of quiet title to patent owners to ensure continued investment resources." H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

The government itself advocated for this statutory balance throughout debate on the AIA. In 2007, the Director of the U.S. Patent and Trademark Office ("Patent Office") told Congress "the estoppel needs to be quite strong," such that a petitioner is barred from relitigating issues raised before the Board and the administrative review serves as "a complete alternative to litigation." *Patent Reform: The Future of American Innovation: Hearing Before the Senate Comm. on the Judiciary*, 110th Cong. 13 (2007) (statement of Patent Office Director Jon W. Dudas).

Thus, a common-sense balance underlies AIA review proceedings: if a petitioner challenges the validity of a patent before the Board, the petitioner is estopped from later asserting invalidity grounds raised in the petition and, as a *quid pro quo*, the patent owner is immunized from subsequent invalidity challenges by the petitioner on those same grounds.

B. Eminent Domain Actions Against the Government Under 28 U.S.C. § 1498(a)

As early as 1894, this Court held that the government had not waived sovereign immunity for the tort of patent infringement. *See Schillinger v. United States*, 155 U.S. 163, 167–69 (1894). In response to the perceived injustice of this rule, Congress created a cause of action for patent owners to obtain money

damages for the government's misappropriation of patented inventions. *See* Act of June 25, 1910, Pub. L. No. 61-305, 36 Stat. 851–52 (1910) ("the 1910 Act"); *Crozier*, 224 U.S. at 304.

Shortly after its enactment, this Court confirmed that claims brought under the 1910 Act were separate and distinct from patent infringement claims. In *Crozier*, this Court explained that the 1910 Act sounds in "eminent domain" rather than tortious patent infringement, observing that the 1910 Act "provides for the appropriation of a license to use the inventions, . . . sanctioned by the means of compensation for which the statute provides." 224 U.S. at 305, 306–307.[2]

The 1910 Act was subsequently codified, as amended, in 28 U.S.C. § 1498(a).[3] Section 1498(a) provides in relevant part:

> Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and

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[2] Congress amended the 1910 Act in 1918. *See, e.g., Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 342–44 (1928) (summarizing historical and legislative developments).

[3] *See* Act of May 24, 1949, Pub. L. No. 81-72, § 87, 63 Stat. 89, 102 (1949); *see also Zoltek Corp. v. United States*, 672 F.3d 1309, 1317 (Fed. Cir. 2012) (en banc in part).

> entire compensation for such use and manufacture.

Because of § 1498(a), patents cannot be enforced against the government in the same way they are enforced against private parties. Section 1498(a) performs four simultaneous functions: it waives sovereign immunity; assumes governmental liability for contractor activity; confers exclusive jurisdiction on the Court of Federal Claims; and establishes a measure of compensation for the eminent domain taking of a patent license. *See Advanced Software Design Co. v. Fed. Reserve Bank of St. Louis*, 583 F.3d 1371, 1375-76 (Fed. Cir. 2009). Whereas private parties may be sued for patent infringement in district courts or the ITC, patent owners cannot sue the government in those tribunals.

The Federal Circuit and its predecessor court have consistently held that § 1498(a) is "an eminent domain statute." *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950); *Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984) ("Although a section 1498 action may be similar to a Title 35 action, it is . . . not identical."); *id.* at 772 (because § 1498 is "an eminent domain taking," the government "is not a putative infringer but is deemed a licensee"); *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1283 (Fed. Cir. 1988) (in § 1498 the "government has graciously consented . . . to be sued . . . for what would be infringement if by a private person"). Indeed, the Federal Circuit, sitting en banc, recently held that "§ 1498(a) creates its own independent cause of action" because the "plain language" of the statute

indicates that it "operates independently from Title 35." *Zoltek*, 672 F.3d at 1321.

II. FACTS AND PROCEDURAL HISTORY

Petitioner Return Mail, Inc. is a small technology company that developed an innovative system for processing returned mail after a failed delivery attempt. That system combines optical scanners, computer databases, and other mechanisms in a way that allows high-volume mailers—such as credit-card companies and bulk-mail advertisers—to handle returned mail in an efficient and cost-effective manner. Return Mail's invention is protected by U.S. Patent No. 6,826,548 ("the '548 Patent"). *See, e.g.*, Pet. App. 159a.

The Postal Service repeatedly expressed interest in Return Mail's technology and met with Return Mail to discuss ways in which it could be used to automate the handling of returned and undeliverable mail. In January 2006, the parties discussed licensing options for the invention disclosed in the '548 Patent as well as a proposed pilot program to demonstrate the use of Return Mail's invention.

After the Postal Service and Return Mail had met to discuss the proposed pilot program, the Postal Service announced that it would offer its own system, called "OneCode ACS," to process returned and undeliverable mail. Return Mail met with Postal Service executives upon learning of this development and explained that the OneCode ACS system is covered by the claims of the '548 Patent.

Rather than license the '548 Patent, however, the Postal Service decided to challenge its validity by petitioning the Patent Office for *ex parte* reexamination of the patent in 2007. *See* 35 U.S.C. § 302. The Patent Office instituted the requested reexamination, but ultimately confirmed the validity of the '548 Patent. Thereafter, Return Mail filed suit under § 1498(a) seeking compensation for the Postal Service's unlicensed use of its invention. Pet. App. 159a. Return Mail's complaint, filed in the Court of Federal Claims, pled a single count alleging that the Postal Service "use[s] the method for processing returned mail described in and claimed by the '548 Patent . . . without a license . . . or lawful right to use the same." Pet. App. 166a.

While the § 1498(a) action was pending, the Postal Service initiated a second validity challenge at the Patent Office in the form of a petition for CBM review of the '548 Patent. Return Mail opposed the Postal Service's petition, explaining among other things that the Patent Trial and Appeal Board lacks statutory authority to adjudicate claims presented by the government.

The Board rejected Return Mail's argument and instituted the requested CBM review. Regarding its statutory authority, the Board—without any analysis of this Court's precedent—concluded that § 1498(a) actions against the government constitute suits for "patent infringement" under the AIA because such actions seek to hold "the United States . . . liable for its use or manufacture of a patented invention without license or lawful right, which falls within the definition of patent infringement under 35 U.S.C. § 271."

Pet. App. 116a. The Board then issued a final decision invalidating Return Mail's '548 Patent.[4] *See* Pet. App. 57a.

A divided panel of the Federal Circuit affirmed the Board in a 2-1 decision. The panel majority acknowledged that Return Mail made "several cogent arguments why a § 1498(a) suit, in some sense, is not one for 'infringement.'" Pet. App. 18a. Nevertheless, the majority held that "the Postal Service was 'sued for infringement' within the meaning of [AIA] § 18(a)(1)(B) when Return Mail filed the Claims Court suit against it under § 1498(a)." Pet. App. 33a. Although the majority "recognize[d] there are important differences between § 1498(a) suits against the government and suits for infringement against private parties, these differences ... are insufficient to compel a conclusion that Congress intended to exclude a government-related party sued under § 1498(a) from being able to petition for CBM review." Pet. App. 18a.

The panel majority acknowledged that under its decision, and in light of the other provisions of the AIA governing CBM review, an "oddity" would occur: "the government would enjoy the unique advantage of not being estopped in the Claims Court from relitigating grounds raised during a CBM review proceeding." Pet. App. 28a. Although the majority noted that its ruling "raises certain policy concerns," the majority concluded that "Congress is better suited to address

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[4] The Board's final decision invalidating the '548 Patent incorporated the Board's earlier conclusion that it has statutory authority to adjudicate petitions filed by the government. *See* Pet. App. 71a.

them by revising the estoppel provisions for CBM review should it see fit." Pet. App. 29a.

The Federal Circuit also resolved the question whether the government is a "person" eligible to initiate AIA review proceedings.[5] Specifically, the majority held that the government is a "person" under the AIA, such that the Board had statutory authority to adjudicate the Postal Service's petition for CBM review. Pet. App. 30a–31a. After briefly acknowledging this Court's framework for analyzing the meaning of the term "person," the majority concluded that "[t]he AIA does not appear to use the term 'person' to exclude the government." Pet. App. 31a.

Judge Newman dissented, reasoning that "[a]n important threshold issue before the court is whether the United States and its agency the United States Postal Service are within the definition of 'person' in § 18(a)(1)(B) of the America Invents Act, and thus entitled to proceed under that Act." Pet. App. 44a.

Judge Newman explained that "[t]he general statutory definition is that a 'person' does not include the United States and its agencies unless expressly provided." Pet. App. 47a. Although Judge Newman recognized that "exceptions may arise," she reasoned that "such exceptions warrant considered analysis, not presumptive waiver by silence." Pet. App. 49a.

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[5] The Federal Circuit raised the "person" issue *sua sponte* and resolved it without the benefit of adversarial briefing. The issue is properly before this Court because the Federal Circuit "passed upon" its merits. *United States v. Williams*, 504 U.S. 36, 41 (1992); *see also* Pet. App. 30a.

Regarding the meaning of "person" in the context of AIA review, Judge Newman criticized the majority for ignoring the statutory structure, "construing the statutory provision in isolation, [and] declining to consider the purpose and intent of the legislature in exclusion of the Government from the estoppel provisions." Pet. App. 53a. She explained that the majority "would grant the United States the benefit of post-grant challenge in the PTO, but would omit the statute's estoppel against raising the same challenge in court," in violation of "the extensive backdrop of law and history on which the AIA was enacted." Pet. App. 53a. Specifically, Judge Newman explained that "[t]his statutory balance, of administrative challenge in exchange for finality, is the foundation of the America Invents Act." Pet. App. 52a–53a. Further, "[t]he estoppel provision is the backbone of the AIA, for it is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts," Pet. App. 51a, and thus, the estoppel provision "informs any analysis of the statutory plan," Pet. App. 54a (citing *United States v. Morton*, 467 U.S. 822, 828 (1984)).

Applying this Court's analytical framework, Judge Newman observed that "[t]he panel majority errs in stating that the proper inference is that the government is a 'person' under this statute, for the vast weight of statute and precedent requires the opposite inference." Pet. App. 54a. In particular, Judge Newman reasoned that:

> The theory that the United States was accidentally omitted as a "person" subject to the AIA is contrary to the vast body of precedent.

> When the government is excluded on the face of a statute, the presumption that the legislature intended to exclude the government may only be overcome by strong evidence of intent to include. Such evidence is conspicuously lacking here.
>
> Indeed, inclusion of the government as a "person," assumed by the majority, requires the assumption that legislators intended to grant the government access to post-grant proceedings in the PTAB while also intending to remove the government from the estoppel provision, thereby giving the government "two bites at the apple," in the majority's words. Such an irregular assumption, with no hint of support in the statute or legislative history cannot be countenanced.

Pet. App. 54a–55a. Judge Newman thus concluded that she would "vacate the decision of the Board," which exceeded "the Board's statutory authority" because "[t]he government is not a 'person' to whom the post-grant procedures of the AIA are available." Pet. App. 56a.

Return Mail timely petitioned for rehearing en banc, addressing the "person" and "infringement" issues passed upon by the Federal Circuit. However, the court denied Return Mail's petition on December 15, 2017.

REASONS FOR GRANTING THE PETITION

This case presents recurring issues regarding the scope of the Board's authority to adjudicate AIA review proceedings initiated by other government agencies. These issues are of exceptional importance to patent owners, as well as the government and its contractors. AIA review proceedings at the Board have become a central feature of the U.S. patent system—and the government has become a repeat participant in such proceedings in recent years.

Without this Court's guidance, patent owners will be bound by a Federal Circuit decision that conflicts with this Court's precedent, the AIA's carefully balanced structure, and general canons of statutory interpretation. Indeed, the Federal Circuit majority acknowledged that its decision creates an "oddity" by providing the government with a "unique advantage" over all other parties: the ability to challenge patents through AIA review proceedings *without* being estopped from relitigating the same challenges in subsequent cases. Pet. App. 28a–29a. That anomalous ruling stems from the same error this Court has repeatedly addressed in recent years: the Federal Circuit's failure to heed the rule that "patent law is governed by the same . . . methods of statutory interpretation, and procedural rules as other areas of civil litigation." *SCA Hygiene Products*, 137 S. Ct. at 964. This Court should grant certiorari to the Federal Circuit and reverse that court's erroneous judgment.

I. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH CONTROLLING PRECEDENT AND IMPROPERLY EXPANDS THE SCOPE OF AIA REVIEWS

This Court's review is warranted because the Federal Circuit's decision conflicts not only with this Court's precedent, but also with the Federal Circuit's own rulings. As the dissent correctly observed, the Patent Trial and Appeal Board lacks authority to adjudicate petitions filed by the government because the government is not a "person" as that term is ordinarily used, and there is no evidence that Congress intended to depart from the default rule in the AIA. Even if the government were a "person" under the AIA, more than a century of precedent precludes the government from initiating CBM reviews because the government cannot be sued for patent "infringement." These fundamental divisions—between the Federal Circuit's decision and this Court's precedent, between the Federal Circuit's decision and that court's own prior rulings, and between the Federal Circuit majority and dissent—implicate this Court's interest in maintaining the uniformity of federal law.

A. The Federal Circuit's Interpretation of "Person" Conflicts with this Court's Precedent

The Board has authority to adjudicate an AIA review only if the petitioner is a "person." That threshold requirement applies to all three types of AIA review proceedings. Specifically, a "*person* may not file a petition [for CBM review] unless the *person* or the *person's* real party in interest or privy has been

sued for" or "charged with" patent infringement. AIA § 18(a)(1)(B) (emphasis added). The AIA likewise provides that "a *person* who is not the owner of a patent may file . . . a petition to institute an inter partes review of the patent," 35 U.S.C. § 311(a) (emphasis added), and that only a "person" may petition for post-grant review, 35 U.S.C. § 321(a).

The AIA does not define the term "person" and the Patent Office has not done so through rulemaking. Nor is there any indication in the AIA's legislative history that Congress intended to depart from the ordinary meaning of "person." *See* Pet. App. 47a–48a, 53a–54a.

Although the Federal Circuit majority acknowledged this "absence of Congressional guidance" and the "lack of a record or any indication" of Congress's intent, the majority nevertheless held that the government is a "person" for purposes of the AIA's review provisions. Pet. App. 31a–33a. The majority based that ruling on a view that "[t]he AIA does not appear to use the term 'person' to exclude the government in other provisions," and that "[t]here does not appear to be any reason ... to curtail the ability of the government to initiate a CBM proceeding when ... it has interests at stake with respect to the patent it has been accused of infringing." Pet. App. 31a–33a. In other words, the majority held that the government is a "person" because it saw no evidence that Congress intended to *restrict* the government's participation in AIA review proceedings.

That approach turns this Court's precedent on its head. The law is clear that when a statute uses the

term "person," it is presumed that Congress intended to *exclude* the government. *Vt. Agency of Nat. Res. v. United States ex rel. Stevens*, 529 U.S. 765, 780–81 (2000) (applying "longstanding interpretive presumption" that the word "'person' does not include the sovereign"). As this Court has explained, "[i]n common usage" the term "person ... does not include the sovereign, and statutes employing it will ordinarily not be construed to do so." *United States v. United Mine Workers of Am.*, 330 U.S. 258, 275 (1947). Congress "made express provision" in the Dictionary Act, 1 U.S.C. § 1, for the term "person" to encompass "partnerships and corporations," and "[t]he absence of any comparable provision extending the term to sovereign governments implies that Congress did not desire the term to extend to them," *Mine Workers*, 330 U.S. at 275; *see also* Pet. App. 48a (dissent's observation that the government is "conspicuously absent" from the Dictionary Act's definition of "person").

The "longstanding interpretive presumption" against reading "person" to include the government "may be disregarded only upon some affirmative showing of statutory intent to the contrary." *Vermont Agency*, 529 U.S. at 780–81. Thus, absent strong evidence that Congress intended to "broade[n]" the term beyond its ordinary meaning, the government is not included. *Id.* at 782.

The Federal Circuit majority neither acknowledged nor applied *Vermont Agency*'s "affirmative showing" requirement. Although the majority noted the presumption that "person" does not include the government, Pet. App. 30a, it did not cite *Vermont Agency*, let alone identify an "affirmative showing"

that Congress intended the government to be a "person" eligible to petition for AIA reviews. Instead, the majority applied the *opposite* rule by searching for evidence "that Congress intended to *exclude* the government from filing petitions" or "to *curtail* the ability of the government to initiate CBM proceeding[s]." Pet. App. 32a–33a (emphases added). Thus, the Federal Circuit inverted the interpretive presumption created by Congress and this Court in reaching its conclusion.

The Federal Circuit's decision also conflicts with this Court's rule that courts should be "especially reluctant to read 'person' to mean the sovereign where . . . such a reading is 'decidedly awkward.'" *Int'l Primate Prot. League v. Adm'rs of Tulane Educ. Fund*, 500 U.S. 72, 83 (1991). The Federal Circuit majority conceded that its interpretation would create an "imbalance" and foster "potential inequity" by allowing the government to "circumvent" the estoppel provisions applicable to all other parties. Pet. App. 32a; *see also* Pet. App. 29a (acknowledging that treating the government as a person produces an "oddity"). But rather than factoring that awkwardness into the analysis, as *Primate Protection League* requires, the Federal Circuit dismissed the consequences of its ruling, concluding that it "is for Congress to 'correct' this imbalance should it see fit." Pet. App. 32a.

In addition to disregarding this Court's interpretive framework, the Federal Circuit's decision is clearly incorrect. As noted, and as the Federal Circuit majority itself acknowledged, there is no suggestion—in either the AIA or in its legislative history—that

Congress intended to depart from the ordinary meaning of "person." Pet. App. 32a. That silence is dispositive for three principal reasons.

First, the presumption against including the government in the term "person" was "longstanding" when Congress enacted the AIA in 2011. *Vermont Agency*, 529 U.S. at 781. Congress is presumed to "understan[d] the state of existing law when it legislates," *Bowen v. Massachusetts*, 487 U.S. 879, 896 (1988), yet Congress did nothing to disturb the ordinary meaning of "person" when it adopted the AIA.

Second, contrary to the Federal Circuit majority's assertion that "[t]he AIA does not appear to use the term 'person' to exclude the government in other provisions," Pet. App. 31a, the AIA's text and structure do just that. Congress distinguished a government agency from a "person," stating that settlement agreements in AIA proceedings "shall . . . be made available only to *Federal Government agencies* on written request, *or* to any *person* on a showing of good cause." 35 U.S.C. § 317(b) (emphasis added); *see also id.* § 327(b); *Vermont Agency*, 529 U.S. at 783-84 (relying on a similar statutory distinction in holding that the States are not "persons" under the False Claims Act). The panel majority did not address these provisions. Further, Congress excluded the government from the class of "person[s]" eligible to petition for AIA reviews by omitting any mention of § 1498(a) compensation actions in the AIA's estoppel provisions, which only bar relitigation in federal district courts and the ITC.

See 35 U.S.C. §§ 315(e)(2), 325(e)(2); AIA § 18(a)(1)(D); *see also* Pet. App. 51a.[6]

Third, and finally, Congress had no reason to allow government agencies generally to challenge the validity of issued patents because the Patent Act *already* gives a specific government agency—the Patent Office—the authority and responsibility for doing so. The Patent Act permits "[a]ny person" to "file a request for" ex parte reexamination of an issued patent, 35 U.S.C. § 302, but also *separately* provides that the Director of the Patent Office may, "[o]n his own initiative, and any time" institute such a reexamination proceeding, *id.* § 303(a). This parallel structure indicates not only that the government is not a "person" (for if it were, there would be no need to separately authorize the Patent Office Director to act), but also that Congress has channeled the government's duty to review issued patents to a particular agency in a particular fashion. *See Primate Prot. League*, 500 U.S. at 83 (considering statute's "context" in determining whether presumptive meaning of "person" is overcome); *cf. Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 212, 216 (1994).

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[6] It also bears mention that this Court has described AIA reviews as "allow[ing] *private parties* to challenge previously issued patent claims," *SAS Institute*, 138 S. Ct. at 1350-51 (emphasis added), and as permitting "a *private party* [to] fil[e] the petition for review," *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1378 n.5 (2018) (emphasis added). Although these observations are not binding, they illustrate the common understanding that the word "person" does not include the government.

B. The Federal Circuit's Interpretation of "Infringement" Conflicts with this Court's Precedent and the Federal Circuit's Own Prior Rulings

The Board may institute a CBM review only if the petitioner has been "sued for" or "charged with" patent "infringement." AIA § 18(a)(1)(B).

Although the Federal Circuit majority conceded that there are "several cogent arguments why a § 1498(a) suit . . . is not one for 'infringement,'" and although it "recognize[d] there are important differences" between the two actions, the majority ultimately held that the two actions are one in the same. In doing so, the Federal Circuit disregarded this Court's longstanding precedent and failed to grasp the significant differences between claims for compensation sounding in eminent domain and tort-based actions for "infringement."

By equating a compensation action under § 1498(a) with a suit for "infringement," the Federal Circuit summarily disregarded a century's worth of precedent from this Court that clearly distinguishes the two actions. This Court has spoken on the issue of governmental liability under § 1498(a) (or its predecessor statute) on multiple occasions. *See Crozier*, 224 U.S. at 306–07; *William Cramp & Sons Ship & Engine Bldg. Co., v. Int'l Curtis Marine Turbine Co.*, 246 U.S. 28, 44–45 (1918); *Richmond Screw*, 275 U.S. at 342.

The Federal Circuit failed to heed two key principles from this Court's cases. *First*, as this Court held

in *Schillinger*, the government cannot be sued for patent infringement because "patent infringement was a tort for which the Government had not waived sovereign immunity." 155 U.S. at 167–69. *Second*, as this Court explained in *Crozier*, where the government uses or manufactures the patented invention of another, it does not "infringe"—rather, it has "exert[ed] the power of eminent domain" and "appropriat[ed] . . . a license to use the inventions" covered by the patent. 224 U.S. at 304. The Federal Circuit's holding cannot be squared with these principles.

To reach its conclusion, the Federal Circuit also sidestepped its own precedent holding that § 1498(a) suits are distinct from infringement actions. *See, e.g.*, *Zoltek*, 672 F.3d at 1321 (en banc in part) (holding that "§ 1498(a) creates its own independent cause of action" because the "plain language" of the statute indicates that it "operates independently from Title 35"); *Motorola, Inc.*, 729 F.2d at 768 ("Although a section 1498 action may be similar to a Title 35 action, it is . . . not identical."). The Federal Circuit's predecessor court likewise consistently held that § 1498(a) actions do not involve claims for patent infringement. *See, e.g.*, *Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (Ct. Cl. 1980) ("Section 1498 . . . authorizes the Government to take, through the exercise of its power of eminent domain, a license in any United States patent."); *Irving Air Chute Co. v. United States*, 93 F. Supp. 633, 635 (Ct. Cl. 1950) (Section 1498 "is, in effect, an eminent domain statute."); *Calhoun v. United States*, 453 F.2d 1385, 1391 (Ct. Cl. 1972). Moreover, the Federal Circuit also disregarded its own prior observation that there are "numerous examples of where

the patent statutes are inapplicable in an eminent domain context." *Motorola, Inc.*, 729 F.2d at 768 n.3 (highlighting differences in the availability of increased damages, attorneys' fees, injunctive relief, and the scope of liability); *see also Zoltek*, 672 F.3d at 1323.

Rather than follow this Court's or its own precedent, the Federal Circuit majority instead relied on dictionary definitions to support its expansive interpretation of the term "infringement." Pet. App. 24a–25a (citing BLACK'S LAW DICTIONARY (9th ed. 2009)). But that definitional analysis is equally inconsistent with the Federal Circuit's prior rulings. As the en banc Federal Circuit recently held, 35 U.S.C. § 271 provides the "defini[tion] [of] patent infringement" in the Patent Act. *Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338, 1346 (Fed. Cir. 2015) (en banc). The panel was therefore bound by that definition, which does not include unauthorized government use within the scope of patent "infringement." The split approaches of the Federal Circuit in *Suprema* and the panel majority here reinforce the need for this Court's review.

More broadly, this case is but the latest example of patent-law exceptionalism by the Federal Circuit. In recent years, this Court has repeatedly reversed the Federal Circuit's rulings for failure to heed the rule that "patent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation." *SCA Hygiene Products*, 137 S. Ct. at 964; *see also, e.g.*, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1934 (2016); *Highmark Inc. v. Allcare Health Mgmt.*

Sys., Inc., 134 S. Ct. 1744, 1748 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1758 (2014); *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 415–16 (2007); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393–94 (2006). But despite this Court's clear instruction, the Federal Circuit's decision eschews this Court's precedent on multiple issues of statutory construction. Review is warranted to once again correct the Federal Circuit's wayward approach.

C. The Federal Circuit's Decision Undermines the AIA's Balanced Framework, Thereby Giving the Government a "Unique Advantage" Compared to All Other Petitioners

By authorizing the Board to adjudicate petitions filed by the government, the Federal Circuit's decision undermines the AIA's carefully balanced scheme. The Federal Circuit's holding effectively eliminates the estoppel provisions that form "the backbone of the AIA" for an entire class of putative petitioners: the government, its agencies and departments, and many privately owned contractors working on the government's behalf. Pet. App. 51a. While acknowledging the "oddity of this result," the Federal Circuit's decision leaves it to Congress to sort out the "soundness of exempting the government from the estoppel provision." Pet. App. 29a. The Federal Circuit's analysis is deeply flawed.

Congress's intent is clear that CBM review petitioners—along with petitioners in inter partes and post-grant review proceedings—are estopped from re-

litigating issues raised before the Board. *See, e.g.*, AIA § 18(a)(1)(D); 35 U.S.C. §§ 315(e)(2), 325(e)(2). As Congress noted, no petitioner may "later assert invalidity before . . . *a Federal court* on a ground that was considered and resulted in a written decision by the agency." H.R. Rep. No. 112-98, at 80 (emphasis added).

The policy underlying the estoppel provision is straightforward. *See supra* pp. 2–5. As explained in Judge Newman's dissent, "[t]he estoppel provision is the backbone of the AIA, for it is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts." Pet. App. 51a. Congress also provided for a strong estoppel provision because it "recognize[d] the importance of quiet title to patent owners to ensure continued investment resources." H.R. Rep. No. 112-98, at 48.

The structure of the AIA's estoppel provisions further undermine the Federal Circuit's analysis. Those provisions estop petitioners in AIA review proceedings from raising the same invalidity claims in subsequent "civil action[s]" in federal district court and "proceeding[s] before the International Trade Commission." AIA § 18(a)(1)(D); *see also* 35 U.S.C. §§ 315(e)(2), 325(e)(2). Critically, however, the provisions are silent about estoppel applying in § 1498(a) actions at the Court of Federal Claims. That differential treatment signals that Congress did not envision that government agencies would be petitioners before the Board. *See* Pet. App. 51a.

The upshot of the Federal Circuit's ruling is that the government is exempt from the rule that petitioners are estopped from relitigating issues raised during AIA reviews. That regime allows the government two bites at the invalidity apple, *see* Pet. App. 55a—thereby undermining Congress' goal of streamlining patent litigation. Indeed, the Federal Circuit's decision deprives patent owners of quiet title when their inventions are used "by or for the United States," 28 U.S.C. § 1498(a), because the government and its contractors will be able file repeated invalidity challenges—the precise outcome that Congress sought to avoid. *Patent Reform Act of 2011*, 157 Cong. Rec. S936-02, S952 (statement of Sen. Grassley) (AIA includes "a strengthened estoppel standard to . . . significantly reduce the ability to use post-grant procedures for *abusive serial challenges to patents*" (emphasis added)).

II. THE QUESTIONS PRESENTED ARE IMPORTANT AND WARRANT REVIEW BY THIS COURT

The Federal Circuit's decision warrants this Court's review for three additional reasons.

First, the questions presented by this case are recurring. Since the enactment of the AIA, the government has been sued nearly sixty times under 28 U.S.C. § 1498(a) in the Court of Federal Claims. In parallel, the government and contractors acting on the government's behalf have become increasingly involved in AIA review proceedings in recent years. Although CBM reviews are available only through September 2020, *see* AIA § 18(a)(3)(A), the questions

presented—and in particular the meaning of "person" under the AIA—concern *all* forms of AIA review, including inter partes review and post-grant review.

Second, the questions presented implicate the principle that courts must "tak[e] seriously, and appl[y] rigorously, in all cases, statutory limits on agencies' authority." *City of Arlington v. FCC*, 569 U.S. 290, 307 (2013). The Federal Circuit's ruling expands the Board's authority to invalidate issued patents—property protected by the Due Process and Takings Clauses, *see Oil States*, 138 S. Ct. at 1378–79—and thus further jeopardizes billions of dollars in investments in every sector of the economy. *See, e.g.*, *Joseph A. DiMasi et al., Innovation in the Pharmaceutical Industry: New Estimates of R&D Costs*, 47 J. HEALTH ECON. 20, 31 (2016) (showing that patented drugs require, on average, $2.6 billion to bring to market). Although the question whether a government agency may *decide* patent challenges is settled, *see Oil States*, 138 S. Ct. at 1379, the question whether government agencies may *initiate* those challenges is not, as the Federal Circuit's divided ruling demonstrates. That question is "important," the dissent explained, because it concerns the scope of the Board's delegated authority and the structure of administrative-review mechanisms that have become a central feature of the U.S. patent system. *See* Pet. App. 44a, 46a–47a, 51a–54a.

Third, and finally, the circumstances involved in this case are remarkable and exemplify the type of repeat patent challenges that Congress sought to restrict when it enacted the AIA. Since the day the '548 Patent issued, Return Mail—a small business—

has been forced to defend its patent rights against serial challenges by the government. Rather than license the '548 Patent, the Postal Service misappropriated Return Mail's invention and unsuccessfully attempted to invalidate the '548 Patent by *ex parte* reexamination before the Patent Office. Once the Patent Office confirmed the validity of the '548 Patent, Return Mail filed suit at the Court of Federal Claims—an Article I court. Faced with the prospect of accounting for its unauthorized use in that court, the Postal Service initiated a *second* administrative review proceeding, this time before the Board. Now, nearly fifteen years after the '548 Patent was issued, Return Mail's final opportunity to receive compensation from the government is through review by this Court. This series of events is not consistent with Congress' intent in enacting the AIA, nor is it consistent with the policy underlying the U.S. patent system or the government's procurement and development of technology.

CONCLUSION

This case squarely presents two pure questions of law, both of which bear on the proper functioning of the patent system: whether the government is a "person" for purposes of the AIA's review provisions, and whether § 1498(a) actions seek to hold the government liable for patent "infringement." The Court should grant the petition and resolve those important questions.

Respectfully submitted,

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May 14, 2018

("[T]he important inquiry for a § 101 analysis is to look to the claim.").

Return Mail attempts to analogize the claims before us to claims that this court has held to be patent-eligible under step 2 in *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), and in *DDR Holdings, LLC v. Hotels.com, LP*, 773 F.3d 1245 (Fed. Cir. 2014). We disagree. In those cases, the claimed inventions went beyond "merely the routine or conventional use of the Internet" or computer systems. *DDR*, 773 F.3d at 1259; *see also BASCOM*, 827 F.3d at 1351 (holding that a software-based invention that "improve[s] the performance of the computer system itself" recites patent-eligible subject matter (alteration in original)). Here, in contrast, claims 42–44 do not improve the functioning of the computer or barcode system itself. Instead, they apply those functionalities in the context of processing returned mail.

We conclude that claims 42–44 of the '548 patent lack an inventive concept that transforms an otherwise abstract idea into patent-eligible subject matter.

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Finally, we address Return Mail's request for clarification on "the role that preemption plays" in the § 101analysis. Appellant's Opening Br. 5. Return Mail proposes that we hold claims to be drawn to patent-eligible subject matter "if the practical effect of those

claims would not preempt other commercially deployed and patentably distinct systems that involve the same abstract idea." *Id.* at 53. In other words, it asks us to adopt a test for determining whether claims are "directed to" an abstract idea by looking to whether the claims have preempted others from entering the field.

Certainly, preemption is the underlying "concern that drives" the § 101 analysis. *Alice*, 134 S. Ct. at 2354. After all, monopolization of "the basic tools of scientific and technological work" would "thwart[] the primary object of the patent laws" to promote future innovation. *Id.* Preemption is therefore part and parcel with the § 101 inquiry. For example, we have often cited the lack of preemption concerns to support a determination that a claim is patent-eligible under § 101. *See, e.g.*, *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1315– 6 (Fed. Cir. 2016); *BASCOM*, 827 F.3d at 1352 ("[T]he claims of the . . . patent do not preempt the use of the abstract idea of filtering content on the Internet or on generic computer components performing conventional activities.").

But we have consistently held that claims that are otherwise directed to patent-ineligible subject matter cannot be saved by arguing the absence of complete preemption. *See, e.g.*, *Synopsys*, 839 F.3d at 1150 (holding that an argument about the absence of complete preemption "misses the mark"); *FairWarning*, 839 F.3d at 1098 ("But even assuming that the . . . patent does not preempt the field, its lack of preemption does not save these claims."); *Intellectual Ventures I*

LLC v. Symantec Corp., 838 F.3d 1307, 1320–31 (Fed. Cir. 2016) (same); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (2015) ("[T]hat the claims do not preempt all price optimization or may be limited to [a particular] setting do not make them any less abstract."). As we have explained, "questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2511 (2016). "While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Id.* Arguments about the lack of preemption risk cannot save claims that are deemed to only be directed to patentineligible subject matter'").

Relatedly, we reject Return Mail's implication that the Board reached inconsistent results by concluding that claims 42–44 are not patent-eligible under § 101 yet holding that the claims are not invalid as anticipated under 35 U.S.C. § 102 or obvious under 35 U.S.C. § 103. A "pragmatic analysis of § 101 is facilitated by considerations analogous to those of §§ 102 and 103." *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015). And § 101 subject matter eligibility is a "threshold test" that typically precedes the novelty or obviousness inquiry. *Bilski v. Kappos*, 561 U.S. 593, 602 (2010); *see also* Manual of Patent Examining Procedures § 2103 "Patent Examination Process" (9th ed., Nov. 2015) (listing steps of the patent examination process, with

"[d]etermine whether the claimed invention complies with 35 U.S.C. 101" listed before "[d]etermine whether the claimed invention complies with 35 U.S.C. 102 and 103"). But § 101 subject-matter eligibility is a requirement separate from other patentability inquiries. *See Mayo*, 566 U.S. at 90 (recognizing that the § 101 inquiry and other patentability inquiries "might sometimes overlap," but that "shift[ing] the patent-eligibility inquiry entirely to these [other] sections risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do"); *Diehr*, 450 U.S. 175 at 190 ("The question . . . of whether a particular invention is novel is 'wholly apart from whether the invention falls into a category of statutory subject matter.'").

At bottom, claims 42–44 of the '548 patent recite the use of barcode functionality and computer systems to provide updated address information, which is not sufficient to impart patent eligibility. *See OIP Techs.*, 788 at 1363 ("[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible."), *cert. denied*, 136 S. Ct. 701 (2015).

III. CONCLUSION

For the foregoing reasons, we affirm the Board's decision.

AFFIRMED

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RETURN MAIL, INC.,
Appellant

v.

UNITED STATES POSTAL SERVICE, UNITED STATES,
Appellees

2016-1502

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2014-00116.

NEWMAN, *Circuit Judge*, dissenting.

An important threshold issue before the court is whether the United States and its agency the United States Postal Service are within the definition of "person" in § 18(a)(1)(B) of the America Invents Act, and thus entitled to proceed under that Act. The panel majority states that the appellant waived the issue because it was not raised in its opening brief. Maj. Op. at 24–25. However, matters of jurisdiction are not subject to disposition by waiver.

My colleagues hold that the question of whether the government is a "person" subject to the AIA was waived

by the parties' failure to object. Although some issues may be waived, statutory jurisdiction is not subject to waiver. *See Arbaugh v. Y & H Corp.*, 546 U.S. 500, 514 (2006) ("Moreover, courts, including this Court, have an independent obligation to determine whether subject-matter jurisdiction exists, even in the absence of a challenge from any party."); *Ruhrgas AG v. Marathon Oil Co.*, 526 U.S. 574, 583–84 (1999) ("subject-matter delineations must be policed by the courts on their own initiative even at the highest level."); *United States v. Cotton*, 535 U.S. 625, 630 (2002) ("subject-matter jurisdiction . . . can never be forfeited or waived.").

My colleagues do not impart precision to their holding (or not) of waiver; rather, they "observe" that they would probably find waiver since the issue is not clearly within the "Article III context." Maj. Op. 25 n.15. However, considerations of subject matter jurisdiction are foundational to the tribunal's power. "It is well settled that no action of the parties can confer subject-matter jurisdiction on a tribunal and that the principles of estoppel do not apply to vest subject-matter jurisdiction where Congress has not done so." *Dunklebarger v. Merit Sys. Prot. Bd.*, 130 F.3d 1476, 1480 (Fed. Cir. 1997) (citing *Insurance Corp. of Ireland v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 702 (1982)). The issue of whether the PTAB possesses the power to adjudicate a claim of invalidity involves subject matter jurisdiction, for the dispute must be within the limited scope granted by the Congress to the PTAB.

This court has an independent obligation to ascertain its own jurisdiction and that of the tribunal below. *See Mitchell v. Maurer*, 293 U.S. 237, 244 (1934) ("An appellate federal court must satisfy itself not only of its own jurisdiction, but also that of the lower courts in a cause under review."). Although the foregoing concerns a court's review of a lower court's jurisdiction, the same principle applies to review of an agency's jurisdiction. *See, e.g., Da Cruz v. INS*, 4 F.3d 721, 722 (9th Cir. 1993) (considering, *sua sponte*, whether the BIA lacked jurisdiction). This inquiry cannot be waived. It is a "judicial function," and not that of an agency, to decide the limits of the agency's statutory powers. *Social Sec. Bd. v. Nierotko*, 327 U.S. 358, 369 (1946).

"An agency is but a creature of statute. Any and all authority pursuant to which an agency may act ultimately must be grounded in an express grant from Congress."*Killip v. Office of Pers. Mgmt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993). *See also Sealed Air Corp. v. United States Int'l Trade Comm'n*, 645 F.2d 976, 993 (CCPA 1981) ("Any authority delegated or granted to an administrative agency is necessarily limited to the terms of the delegating statute."); *Gibas v. Saginaw Mining Co.*, 748 F.2d 1112, 1117 (6th Cir. 1984) (administrative agencies are vested only with the authority given to them by Congress); *Atchison, Topeka & Santa Fe Ry. Co. v. Interstate Commerce Comm'n*, 607 F.2d 1199, 1203 (7th Cir. 1979) (same). "Though an agency may promulgate rules or regulations pursuant to authority granted by Congress, no such rule or regulation can confer on the agency any greater

authority than that conferred under the governing statute." *Killip*, 991 F.2d at 1569 (citing *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988).

The AIA states that a "person" can file a CBM petition in the PTO, and if the decision is adverse, that person is bound by the decision in any future litigation. The nature of the "person" is a factor in statutory jurisdiction. *See, e.g., Caterpillar Inc. v. Lewis*, 519 U.S. 61, 73, (1996) ("[T]here was in this case complete diversity, and therefore federal subject-matter jurisdiction, at the time of trial and judgment."); *United States v. Testan*, 424 U.S. 392, 397, 393 (1976) ("the measure of the Court of Claims' statutory jurisdiction" "presents a substantial issue concerning the jurisdiction of the Court of Claims and the relief available in that tribunal."). It is our obligation to assure ourselves of the propriety of the PTAB's exercise of statutory authority. Such obligation cannot be waived.

The general statutory definition is that a "person" does not include the United States and its agencies unless expressly provided. It is at least as reasonable to assume that Congress, and those seeking the improvements provided by the America Invents Act, knew that "person" did not include the United States, lest additional complexities appear in the path of enactment of the America Invents Act.

The legislative record does not explore these potential complexities, but neither is there any suggestion that the standard rule of exclusion of the

United States from the definition of "person" was simply legislative inadvertence, as my colleagues appear to believe. The Congress cannot be deemed innocent of knowing that the government can indeed be sued for infringement, but only in the Court of Federal Claims; yet that court is conspicuously absent from the designation of tribunals subject to the America Invents Act. *See, e.g.*, 35 U.S.C. §§ 315(e), 325(e), and AIA § 18(a)(1)(D) (stating provisions applicable to the PTO, the district courts, and the ITC).

The Covered Business Method statute states that "[a] **person** may not file a petition for [CBM review] unless the **person** or the **person**'s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent." AIA § 18(a)(1)(B) (emphases added). The Dictionary Act, 1 U.S.C. § 1, defines "person":

> In determining the meaning of any Act of Congress, unless the context indicates otherwise— . . .the word 'person' . . . include[s] corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.

The government is conspicuously absent from this definition, which pervades the legislative context, and from time to time receives judicial reinforcement. *See, e.g., United States v. United Mine Workers of Am.*, 330 U.S. 258 (1947):

> In common usage the term ["person"] does not include the sovereign, and statutes employing it will ordinarily not be construed to do so. Congress made express provision, [] 1 U.S.C. § 1, for the term to extend to partnerships and corporations, and in § 13 of the Act itself for it to extend to associations. The absence of any comparable provision extending the term to sovereign governments implies that Congress did not desire the term to extend to them.

Id. at 275. *See also, e.g., Wilson v. Omaha Indian Tribe*, 442 U.S. 653, 667 (1979) (statutes employing the usage "person" are ordinarily construed to exclude the government); *Lunday-Thagard Co. v. U.S. Dep't of Interior*, 773 F.2d 322, 324 (Temp. Emer. Ct. App. 1985) ("On several occasions it has been held that the government does not come within the definition of a 'person.'") (citing *United States v. Cooper Corp.*, 312 U.S. 600, 604 (1941) and *United Mine Workers of Am.*, 330 U.S. at 275).

Although exceptions may arise, such exceptions warrant considered analysis, not presumptive waiver by silence. In *United States v. Cooper Corp.*, the Court guided such analysis:

> [T]here is no hard and fast rule of exclusion. The purpose, the subject matter, the context, the legislative history, and the executive interpretation of the statute are aids to construction which may indicate an intent, by

> the use of the term, to bring state or nation within the scope of the law.

Id. at 605.

The long-standing rule excluding the government from implicit inclusion as a statutory "person" applies to situations where the government would benefit from such inclusion, as well as situations where such inclusion would burden the government. For example, in *United States v. Fox*, the Court held that a devise of real estate to the Federal government was void because the New York Statute of Wills only permitted devises of land "to any person capable by law of holding real estate," and the federal government was neither a natural nor an artificial person. 94 U.S. 315, 321 (1876). The Court stated:

> The term 'person' as here used applies to natural persons, and also to artificial persons,—bodies politic, deriving their existence and powers from legislation,—but cannot be so extended as to include within its meaning the Federal government. It would require an express definition to that effect to give it a sense thus extended.

Id. As summarized in Corpus Juris:

> A statute regulating only persons and corporations does not include the government itself unless a contrary intention is clearly

> expressed. Thus, the word "person" used in a statute will not be construed so as to include the sovereign, whether the United States, or a state, or a government agency, or a city or town. However, the word may include the sovereign where the legislative intent to do so is manifest or where courts recognize the exception whereby government agencies are only excluded from the operation of general statutory provisions if their inclusion would result in an infringement upon sovereign governmental powers.

82 C.J.S. Statutes § 391 (citations omitted).

The CBM statute does not mention infringement litigation in the Court of Federal Claims, while reciting the analogous actions in the district courts and the International Trade Commission. My colleagues suggest that the legislative intent was to silently give the United States the benefit of the AIA, but not the burden of the estoppel provision. The estoppel provision, however, is the *quid pro quo* that underlay enactment of the AIA.

The estoppel provision is the backbone of the AIA, for it is through estoppel that the AIA achieves its purpose of expeditious and economical resolution of patent disputes without resort to the courts. The government so emphasized, throughout the gestation of the AIA. Then-Director of the PTO Dudas told the Congress:

> [T]he estoppel needs to be quite strong . . . any issue that you raised or could have raised . . . you can bring up no place else. That second window, from the administration's position is intended to allow nothing–a complete alternative to litigation.

Patent Reform: The Future of American Innovation: Hearing Before the Senate Comm. on the Judiciary, 110th Cong. 13 (2007) (statement of Director Jon Dudas). When the final version of the legislation was enacted, successor-Director Kappos reiterated the importance of the estoppel provision:

> If I can say that in my own words also, that I believe there are significant advantages for patentees who successfully go through the post-grant system—in this case inter partes review—because of those estoppel provisions. Those estoppel provisions mean that your patent is largely unchallengeable by the same party.

America Invents Act: Hearing on H.R. 1249 Before the House Comm. on the Judiciary, 112th Cong. 52–53 (2011) (statement of Director David Kappos).

My colleagues would grant the United States the benefit of post-grant challenge in the PTO, but would omit the statute's estoppel against raising the same challenge in court. This statutory balance, of administrative challenge in exchange for finality, is the

foundation of the America Invents Act. It may be that recognition of the complexity of binding the government to estoppel led to the omission of the government. We can only speculate as to the reason, but it is clear that the government is not included as a "person" subject to the AIA.[1]

The panel majority argues that erring on the side of prudence is "letting the tail wag the dog." Maj. Op. 27. The majority assumes that Congress gave no particular

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[1] The panel majority states that in this dissent I "engage[] in mere speculation that Congress intended to exclude the government from filing petitions despite the lack of a record or any indication that it intended this result." Maj. Op. 27. I do not speculate as to the meaning of "person"; its meaning has been defined by Congress for legislative use. Nor do I speculate as to the decade of legislative history of the America Invents Act. As Justice Frankfurter wrote, statutory interpretation "demands awareness of certain presuppositions." *Some Reflections on the Reading of Statutes*, 47 Colum. L. Rev. 527, 537 (1947). The majority ignores the extensive backdrop of law and history on which the AIA was enacted.

In doing so, the majority construes the statutory provision in isolation, declining to consider the purpose and intent of the legislature in exclusion of the Government from the estoppel provisions. *See Richards v. United States*, 369 U.S. 1, 11 (1962) (It is "fundamental that a section of a statute should not be read in isolation from the context of the whole Act, and that in fulfilling our responsibility in interpreting legislation, we must not be guided by a single sentence or member of a sentence, but should look to the provisions of the whole law, and to its object and policy.") (quotations and citations omitted). The only "rewriting of the plain language of a statute," Maj. Op. 27, comes from the pen of the majority, who ignores the presumption of exclusion of the government from the scope of "person."

thought to whether the government should be subject to the estoppel provision. However, the dominant purpose of finality and economy of litigation is based on the estoppel provision and informs any analysis of the statutory plan. *See United States v. Morton*, 467 U.S. 822, 828 (1984) ("We do not, however, construe statutory phrases in isolation; we read statutes as a whole.").

The panel majority errs in stating that the proper inference is that the government is a "person" under this statute, for the vast weight of statute and precedent requires the opposite inference. One might wonder why the drafters of the America Invents Act did not assure inclusion of the United States in post-grant proceedings, for the government is a participant in the patent system, and a sufficiently frequent plaintiff or defendant to be recognized.

Can my colleagues be correct in concluding that, over the lengthy and vigorous gestation of the AIA, it did not occur to anyone to consider the participation of the government? If inclusion of the United States and its agencies was indeed intended, as the majority holds, is this silence merely a matter of legislative error, subject to repair by the judiciary?

The theory that the United States was accidentally omitted as a "person" subject to the AIA is contrary to the vast body of precedent. When the government is excluded on the face of a statute, the presumption that the legislature intended to exclude the government may

only be overcome by strong evidence of intent to include. Such evidence is conspicuously lacking here.

Indeed, inclusion of the government as a "person", assumed by the majority, requires the assumption that legislators intended to grant the government access to post-grant proceedings in the PTAB while also intending to remove the government from the estoppel provision, thereby giving the government "two bites at the apple," in the majority's words. Such an irregular assumption, with no hint of support in the statute or legislative history, cannot be countenanced. "The words of the statute should be read in context, the statute's place in 'the overall statutory scheme' should be considered, and the problem Congress sought to solve should be taken into account." *PDK Labs. Inc. v. U.S. D.E.A.*, 362 F.3d 786, 796 (D.C. Cir. 2004) (quoting *Davis v. Mich. Dep't of Treasury*, 489 U.S. 803, 809 (1989)).

Even if waiver of a jurisdictional defect were available, the court is responsible to assure that waiver comports with the statutory purpose. *See Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1251 (Fed. Cir. 2005) (we "retain[ ] case-by-case discretion over whether to apply waiver"). In addition, "[u]nder certain circumstances, we may consider issues not previously raised . . . ." *Automated Merch. Sys., Inc. v. Lee*, 782 F.3d 1376, 1379 (Fed. Cir. 2015). Such circumstances include whether "the issue involves a pure question of law and refusal to consider it would result in a miscarriage of justice" and whether "the issue presents

significant questions of general impact or of great public concern" or "the interest of substantial justice is at stake." *Id.* (citations omitted). This question requires resolution.

The statutory record contains no foundation for this court's departure from the explicit text of the legislation. The government is not a "person" to whom the post-grant procedures of the AIA are available. Thus I would vacate the decision of the Board, for the proceeding is beyond the Board's statutory authority. *See* 2 Richard J. Pierce Jr., Administrative Law Treatise § 14.2, at 1185 (5th ed. 2010) ("An agency has the power to resolve a dispute or an issue only if Congress has conferred on the agency statutory jurisdiction to do so."); 5 U.S.C. § 706(2)(c).

APPENDIX B

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Paper 41
Entered: October 15, 2015

UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL
AND APPEAL BOARD

THE UNITED STATES POSTAL SERVICE (USPS)
AND THE UNITED STATES OF AMERICA,
AS REPRESENTED BY THE POSTMASTER
GENERAL,

Petitioner,

v.

RETURN MAIL, INC.,

Patent Owner.

Case CBM2014-00116
Patent 6,826,548 B2

Before KEVIN F. TURNER, BARBARA A. BENOIT, and JO-ANNE M. KOKOSKI, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*:

FINAL WRITTEN DECISION
35 U.S.C. § 328(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

The United States Postal Service and United States of America, as represented by the Postmaster General (collectively "USPS"), filed a Petition requesting a covered business method patent review of claims 39–44 of U.S. Patent No. 6,826,548 B2 (Ex. 1001, "the '548 Patent"), pursuant to § 18 of the Leahy-Smith America Invents Act ("AIA"). Paper 2 ("Pet."). In support of that Petition, USPS also included a declaration from Joe Lubenow, Ph.D. (Ex. 1008, "Lubenow Decl."). In response, Return Mail, Inc. ("Return Mail") filed a Patent Owner Preliminary Response. Paper 6 ("Prelim. Resp."). On October 16, 2014, we instituted a transitional covered business method patent review (Paper 11, "Dec.") based upon Petitioner's assertion that the challenged claims are unpatentable based on the following grounds:

Reference	Basis	Claims Challenged
	§ 101	39-44
1997 ACS[1]	§ 102	39-44

Dec. 35.

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[1] United States Postal Service, Address Change Service, Publication 8 (July 1997) (Ex. 1004, "1997 ACS").

Subsequent to institution, Return Mail filed a Patent Owner Response (Paper 21, "PO Resp.") and, in support, a declaration from Scott M. Nettles, Ph.D. (Ex. 2015, "Nettles Decl."). Petitioner filed a Reply (Paper 22, "Reply") to Patent Owner's Response, and, in support, a supplemental declaration from Dr. Lubenow (Ex. 1028, "Lubenow Supp. Decl.").

An oral hearing was held on May 12, 2015, and a transcript of the hearing is included in the record (Paper 40, "Tr.").

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 328(a) and 37 C.F.R. § 42.73.

For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 39–44 of the '548 Patent are unpatentable.

B. The '548 Patent

The '548 Patent relates to a system and method of processing returned mail. Ex. 1001, Abs. Returned mail is received from United States Postal Service 90 and passed through high volume mail sorter 20 and optical scanner 40, where the optical scanner reads the information previously optically encoded onto each mail piece before it was sent. This information is stored through application server 50 in mass storage device 60, containing a plurality of subscriber databases 62. The

addresses may then be extracted from the scanned data for processing. *Id.* at 3:32–51; Fig. 1.

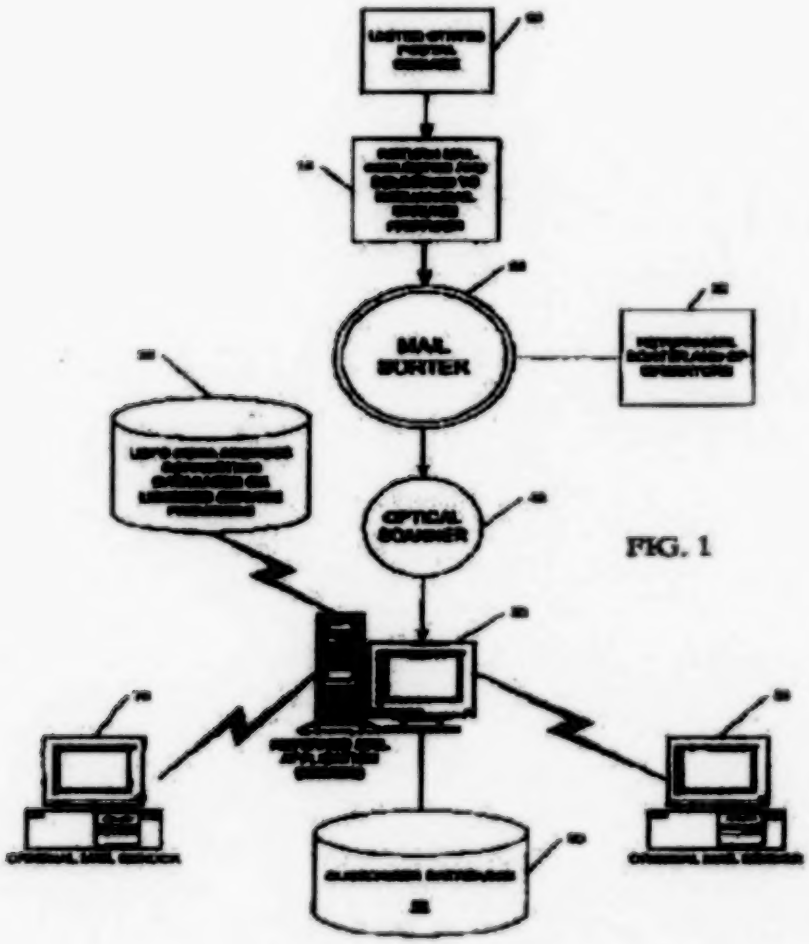


FIG. 1

Fig. 1 of the '548 Patent illustrates the processing flow for the returned mail handling system.

C. Procedural History

The '548 Patent issued on November 30, 2004, based on a provisional application, No. 60/263,788, filed January 24, 2001, and a non-provisional application, No. 10/057,608, filed January 24, 2002. USPS points out that Return Mail applied for a reissue of the '548 Patent (reissue application No. 11/605,488, filed November 29, 2006), which was subsequently abandoned. Pet. 4. The challenged claims in this proceeding were obtained during a reexamination of the '548 Patent requested by USPS, also cancelling the original claims (Reexamination Control No. 90/008,470, Ex Parte Reexamination Certificate issued January 4, 2011 as U.S. Patent No. 6,826,548 C1). Ex. 1002, 1:21–2:32; Prelim. Resp. 3.

In addition, Return Mail sued the United States for infringement of the '548 Patent in the U.S. Court of Federal Claims. *See Return Mail, Inc. (RMI) v. United States*, No. 1:11-cv-00130 (Fed. Cl. Filed Feb. 28, 2011). The Court construed the subject claims in an Order issued on October 4, 2013. Ex. 1011.

D. The Instituted Claims

The challenged claims include four independent claims, claims 39–42, and dependent claims 43 and 44, which depend from claim 42. Claims 39 and 42 are illustrative of the subject matter of the claims at issue and are reproduced below:

39. A method for processing returned mail items sent by a sender to an intended recipient, the method comprising the steps of:

decoding, subsequent to mailing of the returned mail items, information indicating whether the sender wants a corrected address to be provided for the intended recipient, on at least one of the returned mail items;

obtaining an updated address of the intended recipient subsequent to determining that the sender wants a corrected address to be provided for the intended recipient; and

electronically transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider.

42. A method for processing a plurality of undeliverable mail items, comprising:

receiving from a sender a plurality of mail items, each including i) a written addressee, and ii) encoded data indicating whether the sender wants a corrected address to be provided for the addressee;

identifying, as undeliverable mail items, mail items of the plurality of mail items that are

returned subsequent to mailing as undeliverable;

decoding the encoded data incorporated in at least one of the undeliverable mail items;

creating output data that includes a customer number of the sender and at least a portion of the decoded data;

determining if the sender wants a corrected address provided for intended recipients based on the decoded data;

if the sender wants a corrected address provided, electronically transferring to the sender information for the identified intended recipients that enable the sender to update the sender's mailing address files; and

if the sender does not want a corrected address provided, posting return mail data records on a network that is accessible to the sender to enable the sender to access the records.

II. ANALYSIS

A. Claim Construction

We construe all terms, whether or not expressly discussed here, using the broadest reasonable construction in light of the '548 Patent specification.

See 37 C.F.R. § 42.300(b); *see also In re Cuozzo Speed Techs., LLC*, 93 F.3d 1268, 1278–80 (Fed. Cir. 2015) ("Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation.").

During the pre-trial stage of this proceeding, the parties submitted their constructions for specific claim terms and we adopted constructions consistent with the constructions adopted by the U.S. Court of Federal Claims (Ex. 1011). Dec. 8–10. Return Mail does not dispute the constructions adopted. PO Resp. 16–27.

Upon review of the parties' explanations and supporting evidence before us, we discern no reason to modify our claim constructions set forth in the Decision on Institution with respect to these claim terms. Dec. 8–10. For convenience, our claim constructions are reproduced in the table below:

Claim Term(s)	Claims	Construction
"decode," "decoding," "decoded information," "decoded data"	39—42	"decipher information into usable form," "deciphered usable information," "deciphered, usable data"

"encode," "encoding," "encoded information," "encoded data"	41, 42, 44	"convert information into code," "information converted into code," "data converted into code"
"returned mail items" "mail items returned"	39, 40	"items that are mailed and come back to a post office facility"
"return service provider"	39—41	"an entity that performs electronic return mail processing"
"detector"	41	"a device for detecting information"
"processor"	41	"a computing device"
"network"	42	"electronic connections enabling access"

"posting"	42	"making available on a network"

B. Covered Business Method Patent

Under AIA § 18(a)(1)(E), we may institute a transitional review proceeding only for a patent that is a covered business method patent. A "covered business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012).

USPS contends that independent claim 39 of the '548 Patent includes subject matter that is financial in nature because it "provides a method for easing the administrative burden of finance companies, mortgage companies, and credit card companies by making relaying updated mailing address data more cost effective." Pet. 7–8 (citing Ex. 1001, 1:25–38). USPS also points out that method of claim 39 "is particularly applicable to high volume (bulk) mail users such as credit card companies." *Id.* at 8 (citing Ex. 1001,

2:60–65). Return Mail has not disputed that claim 39 recites subject matter that is financial in nature. Prelim. Resp. 10–14; PO Resp. 10–16. In the Decision on Institution, we agreed with USPS that independent claim 39 satisfies the "financial product or service" component of the definition set forth in AIA § 18(d)(1). Dec. 11–12.

For the following reasons, we maintain our determination. First, as recently confirmed by the Federal Circuit, "[t]he plain text of the statutory definition contained in § 18(d)(1)—'performing . . . operations used in the practice, administration, or management of a financial product or service'— on its face covers a wide range of finance-related activities." *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 2015 WL 4113722 at *16 (Fed. Cir. July 9, 2015). The method recited in claim 39 performs operations used in the practice, administration, or management of a financial product or service and are incidental to a financial activity. As noted by Petitioner, the '548 Patent itself indicates "[t]he return mail process is particularly applicable to high volume (bulk) mail users such as credit card companies . . . ." Ex. 1001, 2:60–62; Pet. 8 (citing same). The '548 Patent also describes an embodiment related to a credit card company. Ex. 1001, 3:15–24. The '548 Patent is directed to solving problems related to returned mail processing. *Id.* at 1:20–60. Thus, the '548 Patent covers the ancillary activity related to a financial product or service of processing return mail for credit card companies.

We recognize that the legislative history of the AIA has "competing statements from various legislators with regard to the possible scope of [these] issues." *Versata Dev. Grp.*, 2015 WL 4113722 at *12. We note nonetheless that at least one legislator viewed "transmission or management of data" and "back office operations—e.g., payment processing," at issue here, as ancillary activities intended to be encompassed by the language "practice, administration and management" of a financial product or service. 157 Cong. Rec. S1364–65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (indicating the language "practice, administration and management" of a financial product or service "is intended to cover any ancillary activities related to a financial product or service, including, without limitation, marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing, underwriting, customer communications, and back office operations—e.g., payment processing, stock clearing").

USPS also contends that the claimed features merely eliminate the very labor intensive task of manually updating individual mailing address records. Pet. 9 (citing Ex. 1015, 250). USPS argues that the claims employ no specific technology, and "recite only nominal, generic, long-existing technologies, such as the common telephone, any computer, or any Internet or intranet address or location." *Id.* USPS also argues that, even if these claimed features could be characterized as technical, they are not novel or nonobvious, nor do they introduce a technical solution

to a technical problem. *Id.* at 9–10. In the Decision on Institution, we concluded that the subject matter of claim 39 of the '548 Patent does not solve a technical problem using a technical solution, and that the '548 Patent is a covered business method patent eligible for a covered business method patent review. Dec. 15.

In its Patent Owner Response, Return Mail argues that the '548 Patent is not a covered business method patent under the AIA. PO Resp. 10–16. Return Mail cites *Experian Marketing Solutions, Inc. v. RPost Communications Ltd*, CBM2014-00010, slip op. at 5–9 (PTAB Apr. 22, 2014) (Paper 20), and argues that the '548 Patent solves technical problems in processing return mail, including an inability to handle large volumes of mail efficiently and inaccuracy of processing. *Id.* at 10–12. Return Mail emphasizes the use of a processor and an optical scanner in its system, and "the specification's preferred embodiment encodes the sender's preference by creating a bar code with the information." *Id.* at 12–13. However, these aspects are not present in claim 39, upon which the determination of eligibility for covered business method patent review was made. Although claim 39 could encompass those technological features, they are not recited therein, and the subject claim must have a greater breadth than those features.

Return Mail also argues that USPS has described the '548 Patent as a technological improvement over the existing technology and USPS has failed to meet its burden to demonstrate that the claimed subject matter

is not a technological invention, making only conclusory assertions and failing to evaluate claim 39 as a whole. *Id.* at 13–14. We do not agree. We were persuaded by USPS's analysis and did not find it insufficient. Dec. 14–15. The degree of specificity that a petition must supply is dependent on the nature of the technology and the facts of the case. USPS pointed to the nature of the steps, and based on an understanding of the nature of the technology at the time of the invention, we concurred that claim 39 does not solve a technical problem using a technical solution. *Id.* As we stated in the Decision on Institution:

> at the time of the invention of the '548 Patent, neither decoding, such as bar code reading, nor electronically transmitting, was unknown, unachievable, or incapable of being combined in the manner claimed. In fact, the '548 Patent discloses that such encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed.

Id. (citations omitted). Therefore, we remain persuaded by USPS that claim 39 of the '548 Patent does not solve a technical problem using a technical solution, and that the '548 Patent is a covered business method patent eligible for a covered business method patent review.

C. Standing Under AIA Section 18

Return Mail asserts, as it did in its Preliminary Response, that USPS lacks standing to petition for

covered business method patent review of the '548 Patent because Return Mail sued USPS in the U.S. Court of Federal Claims under an eminent domain statute, 28 U.S.C. § 1498, for unlicensed use of the '548 Patent, and, therefore, USPS has not been sued for, or charged with, infringement of the '548 Patent under 35 U.S.C. §§ 271 and 281; *compare* Prelim Resp. 6–10 *with* PO Resp. 4–10. We discern no significant difference between Return Mail's arguments in the Preliminary Response and the Patent Owner Response. As such, we incorporate our previous analysis regarding USPS's standing under AIA § 18 (Dec. 15–18), and determine that USPS has demonstrated that is has standing under this section.

D. Unpatentability under 35 U.S.C. § 101; Claims 39–44

USPS contends that claims 39–44 are directed to non-statutory subject matter under 35 U.S.C. § 101. Pet. 17–27. After considering the arguments and evidence presented in the Petition and the Preliminary Response, we instituted trial with respect to claims 39–44, concluding that USPS was likely to prevail in showing unpatentability under 35 U.S.C. § 101. Dec. 19, 35.

Section 101 provides that: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of

this title." The Supreme Court recognizes three exceptions to these statutory classes: laws of nature, natural phenomena, and abstract ideas. *Alice Corp. Pty, Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012). Although an abstract idea by itself is not patentable, a practical application of an abstract idea may be deserving of patent protection. *Alice*, 134 S. Ct. at 2355. We must consider "the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id.* (citing *Mayo*, 132 S. Ct. at 1298). The claim must contain elements or a combination of elements that are "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself." *Id.* (citing *Mayo*, 132 S. Ct. at 1294).

We have reviewed the Petition, the Patent Owner Response, and Petitioner's Reply, as well as the relevant evidence discussed in those papers, and we are persuaded that claims 39–44 are directed to non-statutory subject matter. We address USPS's contentions and showings, and then address Return Mail arguments in response.

USPS contends that claim 39 recites the abstract idea of relaying mailing address data with only insignificant extra-solution activity, and fails the machine-or-transformation test. Pet. 19–22. USPS cites *Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir.

2012) and *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011), and argues that claim 39 uses conventional technology to relay mailing address data. *Id.* at 19–20. USPS also argues that "electronically transmitting" applies conventional telecommunications systems and is not integral to the claimed subject matter, and further argues that claim 39 fails to transform any article. *Id.* at 20–22. We agree.

USPS has shown, by a preponderance of the evidence, that claim 39, as a whole, is directed to the processing of returned mail items, involving decoding information, obtaining an updated address, and electronically transmitting that updated address to a transferee. USPS has shown that the steps are directed to the abstract idea of relaying mailing address data, with the inclusion of an electrical transmission step.

Regarding whether claim 39 includes limitations that amount to significantly more than the abstract idea of relaying mailing address data, per our claim construction, USPS has shown that the "decoding" step is "deciphering information into useable form," but that does not necessarily bring it out of the realm of processes performed in the past by human beings. In fact, all of the claimed steps could be performed in the human mind, with the exception of the transmitting step. Additionally, USPS has shown that what the data might be deemed to represent to the human mind — e.g., "information indicating whether the sender wants a corrected address to be provided for the intended

recipient" — does not substantially affect the underlying structure or function of the claim or any machine on which it is carried out. Consistent with USPS's position, the '548 Patent disclosure does not describe any particular hardware to perform the steps recited in claim 39, but refers merely in broad terms to generic computer hardware and software.

Additionally, like the terms "computer-aided" in *Dealertrack* and "transaction database" in *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013), the "electronically transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider" limitation in claim 39 does not amount to significantly more than the abstract idea of relaying mailing address data. The transmission technology is employed only for the purposes of creating more efficient communication, and would be a basic function of any electrical transmission system.

With respect to claim 40, USPS argues that the claim merely embodies the steps of claim 39, citing *Dealertrack* for the proposition that apparatus claims directed to a "computer readable medium" that simply transcribed, applied, or embodied an abstract method claim would not render the claim patentable. Pet. 22–23. USPS further argues that claim 40 differs from claim 39 in substance only that it includes a step of "causing a computer to store decoded information," and the claims should be considered equivalent for purposes of patent eligibility. *Id.* We agree.

USPS has shown, by a preponderance of the evidence, that the analysis of claim 40 should be similar to that of claim 39. Claim 40 also recites a "customer number," and determining decoded data based on that number. It does little to further limit the same abstract idea embodied in claim 39. As such, USPS has shown that claim 40 is directed to non- statutory subject matter.

USPS argues that claim 41 merely recites a detector and a processor, and adds an encoding limitation. Pet. 23. According to USPS, a detector and a processor are alleged to be generic and only capable of performing the method steps of claim 39. *Id.* at 23–24. USPS emphasizes the format of a claim does not change its patent eligibility analysis under § 101. Id. at 23 (citing *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F. 3d 1266, 1276-1277 (Fed. Cir. 2012)). USPS also alleges that "detector" is broad enough to encompass all forms of optical scanning, including by a person, and the encoded information could be a zip code. *Id.* at 24. USPS also urges that even if claim 41 requires a particular detector, decoder, or computer, that claim still is not a "'technical advance used to implement an abstract idea unrelated to that technology.'" *Id.* at 24 (citing *CRS Adv. Tech Inc., v. Frontline Tech Inc.*, Case CBM2012–00005, slip op. at 15 (PTAB Jan. 23, 2014) (Paper 66)). We agree with USPS's analysis of claim 41. Thus, USPS has shown that claim 41 is directed to non-statutory subject matter.

USPS acknowledges that claim 42 adds posting and creating output data steps to the steps recited in claim 39, but argues that those steps are "conventional, non-technological steps that simply ensnare the abstract business process of relaying mailing address data." Pet. 25. We agree. USPS has shown, by a preponderance of the evidence, that claim 42 is directed to non-statutory subject matter. Claim 42 recites steps that (1) receive mail items including certain types of data, (2) identify mail items that are returned subsequent to mailing as undeliverable, (3) decode encoded data indicating whether the sender wants a corrected address to be provided, (4) create output data including a customer number and decoded data, and (5) determine if the sender wants a corrected address. The method of claim 42 also recites steps based on whether the sender wants a corrected address—electronically transferring information if a corrected address is wanted, and posting return mail data records on a network if the sender does not want to receive the corrected address.

USPS has shown that claim 42 is directed to the abstract idea of relaying mailing address data and does not recite limitations that amount to significantly more than that abstract idea. For reasons discussed previously, we are persuaded, on this record, that decoding, encoding, and electronically transferring information do not impart meaningful limitations to the abstract idea of relaying mailing address data.

Claims 43 and 44 depend from independent claim 42. Claim 43 recites transmitting a name and address, and claim 44 recites that the encoded data indicates a name and address of the intended recipient. USPS asserts that the limitations of claims 43 and 44 do not recite non-generic technological limitations and, therefore, do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26–27. As discussed above, we are not persuaded, on this record, that the limitations of claim 42 add significantly more to the abstract idea of relaying mailing address data. USPS, in its contentions that claims 43 and 44 are unpatentable under 35 U.S.C. § 101, addresses the additional limitations recited by claimed 43 and 44 and asserts the limitations do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26–27. As such, USPS has shown claims 43 and 44 are directed to non-statutory subject matter.

Turning now to Return Mail's arguments, Return Mail argues that the challenged claims improve the technological process of return mail processing and do not exclude other methods of doing the same, citing others obtaining patents in the same technology space. PO Resp. 28–29 (citing Ex. 2015 ¶¶ 43–69, 85–94). However, given the recentness of the *Alice* decision, we are not persuaded that the presence of other patentees necessarily means that the technology space is "open." Additionally, the claims of the other patents may be drawn to more specific methods and systems, such that

they could fall within the broad scope of the challenged claims and still be patentable.

We also agree with USPS that whether a claim recites statutory subject matter under 35 U.S.C. § 101 is a question of law. Reply 3–4. We do not, however, discount the testimony of Dr. Nettles, although we agree that his opinion appears to be directed to his own two-part test. Ex. 2015 ¶¶ 50–64; Reply 3–4. We credit Dr. Nettles's testimony but do not agree that we need to consider the "architecture" that supports automation, when that architecture is not specifically claimed or when the claimed architecture is well-known and/or conventional technology.

Return Mail also argues that challenged claims do not only involve an abstract idea but have meaningful limitations, such as decoding information that has been encoded on the mail item, storing and processing of that decoded information, and providing the desired type of updated address information. PO Resp. 30. Return Mail's argument is not persuasive because any embodiment of the abstract idea of "relaying mailing address data" would likely determine information contained on the returned item and store and provide that information, which is the most generic form of implementing the idea. The "encoding" and "decoding" of such information is acknowledged by Return Mail to be conventional (Ex. 1001, 2:66–3:15), such that they do not transform the abstract idea into a distinct embodiment with statutory subject matter under 35 U.S.C. § 101.

Return Mail also argues that the challenged claims have an inventive concept that contains technical features that solve a technical problem. PO Resp. 31–38. Return Mail argues that the prior art methods have many flaws and the '548 Patent "contemplates information encoded directly *onto* the piece of mail, the information *on* the piece of mail can be read directly by an optical scanner, and then automatically processed by the application server." *Id.* at 36 (citing Ex.2015 ¶¶ 56-65). We do not agree.

We are persuaded by USPS's argument that the challenged claims do not recite an "optical scanner" or "application server," and to consider the claims reciting such, we would need to read limitations into those claims, in violation of proper claim construction principles. Reply 4. As stated in the Decision on Institution, "at the time of the invention of the '548 Patent, neither decoding, such as bar code reading, nor electronically transmitting, was unknown, unachievable, or incapable of being combined in the manner claimed. In fact, the '548 Patent discloses that such encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed." Dec. 14. Although it is true that claims are evaluated in the context of the specification, we disagree with Return Mail that we must determine what the claim limitations "relate to" and continue our analysis from there. *See* Tr. 36–39. In the instant case, Return Mail urges that the decoding step of claim 39 "relates to the discussion in the specification of an optical scanner," and that the obtaining step, from the

same claim, "relates to the specifically programmed application server in the specification." *Id.* at 38. We are not persuaded that such a "relate to" analysis is called for under *Mayo* or *Alice*.

Return Mail also argues that the claims satisfy both the machine or transformation tests. PO Resp. 39. Specifically, Return Mail argues that the claims require "a number of machines arranged, interlinked and programmed to perform specific tasks that are integral to performing the purposes of the patent." *Id.* at 40. However, we agree with USPS that the claims recite, at most, conventional and generic hardware that existed before the '548 Patent was filed, and are not limited to a particular or specific- purpose machine. Reply 5. Recitation of conventional or generic hardware cannot render a claim drawn to non-statutory subject matter to be statutory. *See Dealertrack*, 674 F.3d at 1333–34; *CyberSource*, 654 F.3d at 1375. Return Mail also discusses the use of the application server which is a special purpose computer (PO Resp. 43–44), but, again, no such server is claimed.

Return Mail also argues that the challenged claims meet the transformation test, in that the decode step transforms information from one state into another. PO Resp. 45–46. To the extent that scanned information is transformed, we are not persuaded that such a process was not conventional or well-known at the time the application for the '548 Patent was filed. Additionally, we agree with USPS that the claims do not recite "transform[ing] incorrect address information into

correct address information after checking the available database" or providing a "notification that the prior address is incorrect." Reply 4 (citing PO Resp.39).

For the reasons set forth above, we conclude that USPS has shown, by a preponderance of the evidence, that claim claims 39–44 of the '548 Patent are directed to non-statutory subject matter under 35 U.S.C. § 101.

E. Anticipation by 1997 ACS; Claims 39–44

USPS contends that claims 39–44 are anticipated by 1997 ACS. Pet.42–53. After considering the arguments and evidence presented in the Petition and the Preliminary Response, we instituted trial with respect to claims 39–44, concluding that USPS was likely to prevail in showing unpatentability under 35 U.S.C. § 102 over 1997 ACS. Dec. 35.

1. Overview of 1997 ACS

1997 ACS discloses an automated electronic process for providing address corrections to mail senders. Ex. 1004, 5. Senders place an intended recipient on the mail piece and encode an Address Change Service ("ACS") participant code on the mail piece for which they would like a corrected address. *Id.* at 8. The ACS participant code includes seven alphabetical characters preceded by a pound sign ("#"). *Id.*; *see* "#BXBJDCK" in the figure, reproduced below.

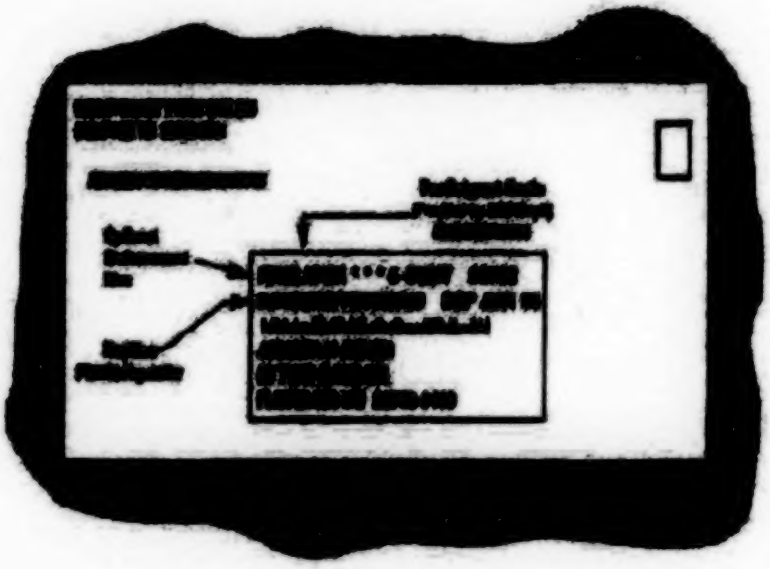


Figure from page 8 of 1997 ACS illustrating the participation requirements of its address change service.

A properly coded ACS participant code includes information about the additional service (known as an "ancillary service") or set of services the mailer is requesting (e.g., corrected address requested or destroy mail piece subsequent to mailing). Ex. 1004, 4. Dr. Lubenow states that "[t]o receive address change services a sender must place either an ancillary service endorsement or a participant code on the mail piece." Ex. 1008 ¶ 176. The ACS participant code needs to be deciphered into usable information, as one merely

regarding the code cannot know what ancillary services it includes.

When the mail is undeliverable-as-addressed (e.g., the intended recipient moved and did not file a change of address), the carrier sends the mail to the Computerized Forwarding System (CFS), where the CFS accesses the ACS participant code and determines how to process the returned piece of mail. Ex. 1004, 4. The ACS system obtains an updated address of the intended recipient by matching the name and address to a Change of Address (COA) record on file at the CFS. *Id.* ACS electronically transmits the updated address for the intended recipient to a mail service provider (e.g., National Customer Service Center), which provides updated addresses to ACS participating mailers. *Id.* at 4–8. 1997 ACS describes that the notifications can occur through "telecommunications transmissions rather than physical magnetic media." *Id.* at 9. Returned mail without an ancillary service endorsement or ACS participant code indicates corrected address service is not wanted for this mail piece. *Id.* at 4; Ex. 1008 ¶ 176.

2. Analysis

We have reviewed the Petition, the Patent Owner Response, and Petitioner's Reply, as well as the relevant evidence discussed in those papers. We are not persuaded that claims 39–44 are anticipated by 1997 ACS.

Preliminarily, we are compelled to note, based on the arguments of the parties, that the grounds identified in a transitional covered business method patent review are not restricted to the types of grounds that may be utilized in an *inter partes* review, where the latter is restricted to grounds under 35 U.S.C. §§ 102 or 103 based on patents or printed publications. Compare 37 C.F.R. § 42.204 *with* 37 C.F.R. § 42.104. In the instant proceeding, however, 1997 ACS is a printed publication, and no ground was raised against the challenged claims over the actual function of the system described therein or what would have been performed in any public use of the system. *See* Pet. 42–53. Therefore, the actual functioning of the system and what it was capable of performing is less important than what explicitly falls with the four corners of the 1997 ACS publication and what is taught by 1997 ACS inherently. *See Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015) ("[A] reference can anticipate a claim even if it 'd[oes] not expressly spell out' all the limitations arranged or combined as in the claim, if a person of skill in the art, reading the reference, would 'at once envisage' the claimed arrangement or combination." (citations omitted)).

We determine this distinction to be important because much of the dispute between the parties seems to be over what the CFS units did and what equipment was deployed. *See, e.g.*, Pet. 43–45; Ex. 1008 ¶¶ 75, 171–74; Ex. 1023, 171–75; Ex. 1028 ¶¶ 32–35; PO Resp. 59–62; Reply 8–9. However, the proper inquiry under 35

U.S.C. § 102 is what does 1997 ACS *disclose*, expressly or inherently, with respect to decoding/detecting information indicating whether the sender wants a corrected address to be provided for the intended recipient. As discussed above in Section II.A, we find that decoding means "deciphering information into useable form."

In addition, we agree with the U.S. Court of Federal Claims, in deciding between the proffered constructions of "[d]ecipher information into useable form" and "[c]onvert information into useable form," the court concluded that "using the terms 'decipher' and 'deciphered' more closely follow the customary meaning of the terms and reflects the claim language. This is because decoding must operate on encoded data," which is recognized in the term "decipher" but not in "convert." Ex. 1011, 22–23. USPS contends that "the carrier converts into intelligible form the participant code and endorsement thereby performing the claimed 'decoding.'" Pet. 45. However, we find no support within 1997 ACS that the *carrier* decodes or deciphers the participant code or endorsement because the carrier (a person) is merely *reading* those indicators. The indicator "ADRESS SERVICE REQUESTED" is merely read and there is no disclosure that *the carrier* decodes the participant code or the keyline. We disagree with Dr. Lubenow that the plain-English endorsements "meet the plain and ordinary meaning of the term 'code.'" Ex. 1028 ¶ 18. As such, we are not persuaded that the carrier in 1997 ACS acts to decode encoded data on the returned mail items.

The sole other section of 1997 ACS relied upon by USPS as teaching the decoding aspect of the claims (Pet. 47–50) follows in its entirety:

> When a carrier receives a mailpiece and it is undeliverable-as- addressed at the old address due to customer relocation, the mailpiece (depending on its mail class and endorsements) is sent by the postal employee to the CFS unit responsible for forwarding mail destined to that old address. An attempt is then made *to match the name and address* to a COA on file at the CFS unit. *If* a match is attained from the CFS database *and* the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated. Otherwise, the COA notification is provided manually. Depending on its mail class and endorsements, the mailpiece is forwarded, discarded, or returned to sender.

Ex. 1004, 4 (emphases added). We discern no express teaching that the CFS unit or an operator therein "decodes" any code contained on the returned mail items. Although we credit Dr. Lubenow's testimony that "mailers must place certain codes . . . on the mail piece for which the mailer would like to receive address corrections notification" (Ex. 1028 ¶ 21), we can find no express disclosure of decoding such codes in 1997 ACS.

This conclusion is further buttressed by USPS's counsel, who stated:

> all we're left with is the fact that there is electronic processing of those codes and the way that we read the electronic processing based upon our knowledge of how the ACS system worked in 1997, the answer is yes, but can I point you to a quotation other than the fact that the ACS 1997 reference says that the codes are electronically processed? No, but that's all I have.

Tr. 69.

Turning now to any inherent disclosures in 1997 ACS, we note first that "[t]o serve as an anticipation when the reference is silent about the asserted inherent characteristic, such gap in the reference may be filled with recourse to extrinsic evidence. Such evidence must make clear that the missing descriptive matter *is necessarily present* in the thing described in the reference, and that it *would be so recognized by persons of ordinary skill*." *Continental Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1268 (Fed. Cir. 1991) (emphases added).

From the discussion above, it is clear that the name and address are used to searching for a matching Change Of Address. Regardless if this information was scanned or not, which is disputed by the parties (Ex. 1008 ¶ 176; PO Resp. 64 n.30; Reply 13–14), we cannot say that this information was "decoded." The name and address are in plain language, i.e., English or some other language, and need not be decoded or deciphered.

1997 ACS continues that "[i]f a match is attained from the CFS database and the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated." Ex. 1004, 4. The question then is whether that disclosure would be recognized by persons of ordinary skill as teaching a decoding of the ACS participant code.

In the instant proceeding, we have contradictory testimony from different experts.[2] Dr. Nettles testifies that "1997 ACS does not disclose any data being converted into the participant code, and there is also no disclosure of the participant code being matched to anything." Ex. 2015 ¶ 103. Dr. Lubenow testifies that "[b]ased on the rest of 1997 ACS, a person of ordinary skill in the art would understand that the Participant Code and the ACS Endorsement code must be *read* from the mail pieces in order for the CFS Unit to determine if an electronic notification should be generated." Ex. 1028 ¶ 32 (emphasis added). Given the testimony, we are persuaded that the ACS participant code is read, in certain situations, but we are not persuaded that it must be "decoded," per the challenged claims. As discussed in Section II.A, "decoding" means "deciphering information into useable form," which requires more than merely reading information.

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[2] We note that although both parties seek to exclude the Declarations of each other's declarants (Papers 25, 28), as discussed below, we are not persuaded that any Declaration should be excluded.

We agree with Return Mail that "*1997 ACS* describes a process dependent upon particular circumstances." PO Resp. 53. Further, even accepting *arguendo* that the ACS participant code is encoded data, we are not persuaded that 1997 ACS discloses, even inherently, the decoding of those data. *Id.* at 56–57. Even if the ACS participant code is matched, so that an electronic notification *can* be generated, it is not clear that decoding or deciphering is necessarily occurring. The 1997 ACS describes that "the opportunity exists for electronic notification to be generated" but also allows the notification to be provided manually. Ex. 1004, 4 ("If a match is attained from the CFS database and the mailpiece bears an active ACS participant code, the opportunity exists for an electronic notification to be generated. Otherwise, the COA notification is provided manually.").

Further, we are not persuaded by Dr. Lubenow's testimony that CFS units necessarily had scanners for such data (Ex.1008 ¶ 199), i.e., thus involving scanning and decoding, because he has acknowledged that he has no actual knowledge of the internal details of CFS operations. Ex. 1023, 145. Moreover, we view such testimony as an indication of what the CFS units did and what equipment was deployed, rather than evidence of an inherent disclosure by 1997 ACS.

Based on the instant arguments and evidence, we cannot say that USPS has shown, by a preponderance of the evidence, that 1997 ACS anticipates the claimed step of "decoding ... information indicating whether the

sender wants a corrected address to be provided for the intended recipient," as recited in claim 39, and equivalent recitations in claims 40–44.[3]

For the reasons set forth above, we conclude that USPS has not shown, by a preponderance of the evidence, that claim claims 39–44 of pthe '548 Patent are anticipated by 1997 ACS.

III. MOTIONS TO EXCLUDE

A. USPS's Motion to Exclude

USPS filed a Motion to Exclude (Paper 28), Return Mail filed an Opposition to USPS's motion (Paper 33), and USPS filed a Reply in support of its motion (Paper 37). USPS's Motion to Exclude seeks to exclude: (1) the 21st Century Dictionary of Computer Terms (Ex. 2013); (2) specific paragraphs of the testimony of Dr. Nettles (Ex. 2015); (3) descriptions of USPS mail handing systems (Exs. 2016–2020, 2031); (4) patents filed after the priority date of the '548 Patent (Exs. 2021–2029); (5) PARS Excellence document (Ex. 2030); (6) file

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[3] Independent claim 40 recites "store decoded information indicating whether a sender wants a corrected address to be provided;" independent claim 41 recites the "detector detects . . . encoded information . . . indicating whether a sender wants a corrected address to be provided;" independent claim 42 recites "encoded data indicating whether the sender wants a corrected address to be provided for the addressee" and "decoding the encoded data." Claims 43 and 44 depend from independent claim 42.

history of U.S. Patent No. 8,195,575 (Ex. 2032); and (7) patents that cite the '548 Patent (Ex. 2035–2052). Paper 28, 2–9. As movant, USPS has the burden of proof to establish that it is entitled to the requested relief. *See* 37 C.F.R. § 42.20(c). For the reasons stated below, USPS's Motion to Exclude is dismissed-in-part and denied-in-part.

Because we do not rely on Exhibits 2015, 2021–2030, 2032, and 2035–2052 (items (1) and (4)–(7), as noted above) in reaching the Final Written Decision, we dismiss as moot USPS's Motion to Exclude as to these exhibits. With respect to exhibits described in items (2) and (3) above, we discuss them in more detail below.

USPS argues that Dr. Nettles's testimony, specifically paragraphs 37–95, should be excluded under Federal Rules of Evidence ("FRE") 403 and 704 because portions of the Nettles Declaration contain testimony on matters as to which the witness lacks sufficient knowledge, personal or otherwise, and testimony that directly opines on issues that are ultimately determinations of law, as opposed to underlying factual bases. Paper 28, 3. In addition, USPS objects to the specific paragraphs of Ex. 2015 as hearsay under FRE 802 because Dr. Nettles mischaracterizes information he proffered for the truth asserted. *Id.* at 4–5.

Return Mail counters that no explanation was provided for USPS's objection that Dr. Nettles's testimony lacks sufficient knowledge, that his

testimony is technical and related to the state of the art at the time of the invention, and that documents quoted by Dr. Nettles are public records produced in a related litigations and not hearsay under FRE 801(d)(2) or 807, and would fall under the public records exception. Paper 33, 4–8.

USPS replies that Dr. Nettles opines not based on his scientific or technical knowledge, but rather on issues that are ultimately determinations of law including issues of patent law and/or patent examination practice and that citations provided by Return Mail refer to the Board accepting testimony based on that scientific or technical knowledge. Paper 37, 1–2.

We have reviewed Dr. Nettles's testimony, including the specific paragraphs, and determine that excluding the testimony is not warranted. We are further persuaded that the information quoted by Dr. Nettles falls under one of the exceptions of the hearsay rule. We assess USPS's arguments with respect to the weight to be given to relevant portions of Dr. Nettles's testimony, rather than to its admissibility. 37 C.F.R. § 42.65.

With respect to the descriptions of USPS mail handing systems, Exs. 2016–2020 and 2031, USPS argues that these documents are irrelevant to the argument proffered in the cited section of the Patent Owner Response as they are unrelated to the disclosure of 1997 ACS, per FRE 401–403. Paper 28, 5. USPS

continues that the probative value of the documents "is substantially outweighed by a danger of confusing the issues and wasting time addressing systems not relevant to the current proceeding." *Id.* at 6.

Return Mail counters that the documents illustrate the state of technology before the '548 Patent, and its evolution, and that USPS's arguments are nothing more than assertions of irrelevance. Paper 33, 8–9. USPS replies that the cited documents are all after the relevant time frame and cannot be used to illustrate the state of the technology before the '548 Patent. Paper 37, 2.

Because these exhibits are evidence relied upon by USPS to support its assertions with respect to the state of the art and to knowledge of a person of ordinary skill in the art, and how it evolved, which are relevant to obviousness, we are not persuaded that they are irrelevant under FRE 401–403. Accordingly, we decline to exclude these exhibits.

B. Return Mail's Motion to Exclude

Return Mail filed a Motion to Exclude (Paper 25), USPS filed an Opposition to Return Mail's motion (Paper 34), and Patent Owner filed a Reply in support of its motion (Paper 36). Return Mail's Motion to Exclude seeks to exclude (1) Declaration of Dr. Lubenow (Ex. 1008); (2) Dr. Lubenow's Notes (Ex.1022); (3) Supplemental Declaration of Dr. Lubenow (Ex. 1028); (4) USPS Redirection History (Ex.

1018); (5) Move Update, April 1997 document (Ex. 1019); (6) references related to un-instituted grounds (Exs. 1003, 1005, 1006, 1007, 1013, 1014); (7) Auxiliary Markings Newsletter (Ex. 1025); and (8) Postal Automated Redirection System (Ex. 1026). Paper 25, 4–14. As movant, Return Mail has the burden of proof to establish that it is entitled to the requested relief. *See* 37 C.F.R. § 42.20(c). For the reasons stated below, Return Mail's Motion to Exclude is dismissed-in-part and denied-in-part.

Because we do not rely on Exhibits 1003, 1005, 1006, 1007, 1013, 1014, 1018, 1019, 1025 and 1026 (set forth above in items (4)–(8)), we dismiss as moot USPS's Motion to Exclude as to these exhibits. With respect to the exhibits noted in items (1)–(3) above, we discuss them in more detail below.

Return Mail argues that Dr. Lubenow's Declarations (Exs. 1008, 1028), as well as his notes (Ex. 1022), should be excluded because Dr. Lubenow is not qualified to tender expert opinion in this case, his testimony is largely based on information from counsel, he adopts incorrect claim constructions, and his testimony consists of conclusory statements. Paper 25, 4–8. Return Mail also argues that much of Dr. Lubenow's testimony is irrelevant to this proceeding. *Id.* Return Mail cites specific paragraphs of Dr. Lubenow's Declaration that should be excluded (*id.* at 8– 10), argues that Dr. Lubenow's notes (Ex. 1022) are new, improper opinions, violate the best evidence rule, and are hearsay (*id.* at 10–11), and argues that the

Supplemental Declaration of Dr. Lubenow (Ex. 1028) expresses opinions beyond the proper scope of a reply declaration. *Id.* at 11.

USPS counters that Return Mail has mischaracterized Dr. Lubenow's testimony, that Dr. Lubenow is qualified to give expert testimony, his Declaration contains the analysis necessary to support his testimony, and the notes prepared by Dr. Lubenow are admissible under the Federal Rules of Evidence. Paper 34, 2–5, 8. Return Mail replies that it has not mischaracterized Dr. Lubenow's testimony, and that if Dr. Lubenow's notes are admitted, this will open the door for parties to do the same in the future. Paper 36, 1–4.

We are not persuaded by Return Mail's arguments. Dr. Lubenow has sufficient background and knowledge to tender an expert decision in this proceeding. Ex. 2008, 1–1. We are, therefore, not persuaded by Return Mail's argument that he should not be relied upon as an expert. We agree with USPS that Dr. Lubenow's testimony contains analysis sufficient to support his testimony. To the extent that Dr. Lubenow's Supplemental Declaration exceeds the proper scope of a reply declaration, we have not relied on any portion that would be deemed to be outside that scope. With respect to Dr. Lubenow's notes (Ex. 1022), we do not rely on this exhibit, and therefore we consider the motion to exclude that exhibit to be moot. Additionally, to the extent that the parties are arguing in the motions to exclude about the specific disclosure of 1997 ACS,

pursuant to Dr. Lubenow's testimony, motions to exclude and oppositions thereto are not the proper vehicles for making such arguments.

IV. CONCLUSION

USPS has shown, by a preponderance of the evidence, that claims 39–44 of the '548 Patent are unpatentable under 35 U.S.C. § 101.

V. ORDER

Accordingly, it is:

ORDERED that claims 39–44 of the '548 patent are determined to be *unpatentable*;

FURTHER ORDERED that USPS's Motion to Exclude (Paper 28) is *dismissed-in-part* and *denied-in-part*;

FURTHER ORDERED that Return Mail's Motion to Exclude (Paper25) is *dismissed-in-part* and *denied-in-part*; and

FURTHER ORDERED that, because this is a Final Written Decision, parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

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APPENDIX C

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Paper 11
Entered: October 16, 2014

UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL
AND APPEAL BOARD

THE UNITED STATES POSTAL SERVICE (USPS)
AND THE UNITED STATES OF AMERICA,
AS REPRESENTED BY THE POSTMASTER
GENERAL,

Petitioner,

v.

RETURN MAIL, INC.,

Patent Owner.

CBM2014-00116
Patent 6,826,548 B2

Before KEVIN F. TURNER, BARBARA A. BENOIT, and JO-ANNE M. KOKOSKI, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

DECISION
Institution of Covered Business
Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

A. Background

The United States Postal Service and United States of America, as represented by the Postmaster General (collectively "USPS"), filed a Petition on April 15, 2014, requesting a covered business method patent review of claims 39–44 of U.S. Patent No. 6,826,548 B2 (Ex. 1001, "the '548 Patent"). Paper 2 ("Pet."). In response, Return Mail, Inc. ("Return Mail") filed a Patent Owner Preliminary Response on July 16, 2014. Paper 6 ("Prelim. Resp.").

We also authorized the filing of a Supplemental Response (Paper 9) by USPS, limited to addressing Patent Owner's arguments, based on *Alice Corp. Pty, Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) ("the Alice decision"), with respect to Petitioner's asserted ground of unpatentability under 35 U.S.C. § 101 in the Petition. Paper 7. We also authorized the filing of a Sur-Reply (Paper 10) to Petitioner's Supplemental Response. Paper 7.

We have jurisdiction under 35 U.S.C. § 324, which provides that a post- grant review may not be instituted "unless ... the information presented in the petition ...

would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." Taking into account the arguments presented in Return Mail's Preliminary Response, we determine that the information presented in the Petition establishes that claims 39–44 are more likely than not unpatentable. Pursuant to 35 U.S.C. § 324 and § 18(a) of the AIA,[1] we hereby institute a covered business method patent review of claims 39–44 of the '548 Patent.

B. The '548 Patent

The '548 Patent relates to a system and method of processing returned mail. Ex. 1001, Abs. Returned mail is received from United States Postal Service 90 and passed through high volume mail sorter 20 and optical scanner 40, where the optical scanner reads the information previously optically encoded onto each mail piece before it was sent. This information is stored through application server 50 in mass storage device 60, containing a plurality of subscriber databases 62. The addresses may then be extracted from the scanned data for processing. *Id.* at 3:32– 51; Fig. 1.

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[1] Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

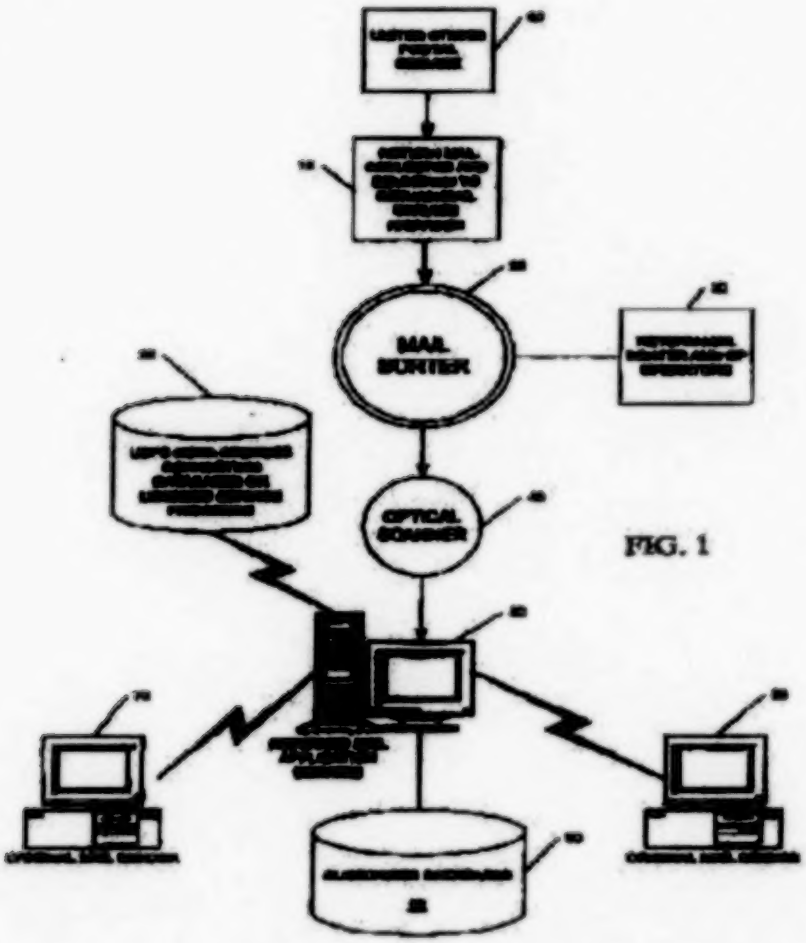


FIG. 1

Fig. 1 of the '548 Patent illustrates the processing flow for the returned mail handling system.

C.. Procedural History

The '548 Patent issued on November 30, 2004, based on a provisional application, No. 60/263,788, filed January 24, 2001, and a non-provisional application, No. 10/057,608, filed January 24, 2002. USPS points out that Return Mail applied for a reissue of the '548 Patent, cancelling the original claims. Pet. 4. The challenged claims in this proceeding were obtained during a reexamination of the '548 Patent requested by USPS (Reexamination Control No. 90/008,470, Ex Parte Reexamination Certificate issued January 4, 2011 as U.S. Patent No.6,826,548 C1). Ex. 1002, 1:21–2:32; Prelim. Resp. 3.

In addition, Return Mail brought a suit against the United States for infringement of the '548 Patent in the U.S. Court of Federal Claims. *See Return Mail, Inc. (RMI) v. United States*, No. 1:11-cv-00130 (Fed. Cl. Filed Feb. 28, 2011). The Court construed the subject claims in an Order issued on October 4, 2013. Ex. 1011.

D. Illustrative Claims

The challenged claims include four independent claims, claims 39–42, and dependent claims 43 and 44, which depend from claim 42. Claims 39 and 42 are illustrative of the subject matter of the claims at issue and are reproduced below:

39. A method for processing returned mail items sent by a sender to an intended recipient, the method comprising the steps of:

decoding, subsequent to mailing of the returned mail items, information indicating whether the sender wants a corrected address to be provided for the intended recipient, on at least one of the returned mail items;

obtaining an updated address of the intended recipient subsequent to determining that the sender wants a corrected address to be provided for the intended recipient; and

electronically transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider.

42. A method for processing a plurality of undeliverable mail items, comprising:

receiving from a sender a plurality of mail items, each including i) a written addressee, and ii) encoded data indicating whether the sender wants a corrected address to be provided for the addressee;

identifying, as undeliverable mail items, mail items of the plurality of mail items that are

returned subsequent to mailing as undeliverable;

decoding the encoded data incorporated in at least one of the undeliverable mail items;

creating output data that includes a customer number of the sender and at least a portion of the decoded data;

determining if the sender wants a corrected address provided for intended recipients based on the decoded data;

if the sender wants a corrected address provided, electronically transferring to the sender information for the identified intended recipients that enable the sender to update the sender's mailing address files; and

if the sender does not want a corrected address provided, posting return mail data records on a network that is accessible to the sender to enable the sender to access the records.

E.. Prior Art Relied Upon

USPS relies upon the following prior art references:

Uhl	US 6,292,709	Sep. 18, 2001	(Ex. 1005)
Krause	US 7,778,840	May 16, 2002	(Ex. 1006)
Jatkowski	US 6,457,012	Sep. 24, 2002	(Ex. 1007)
Park[2]	KR 2001-0076609	Aug. 16, 2001	(Ex. 1013)

United States Postal Service, *Address Change Service*, Publication 8 (July 1997) (Ex. 1004) (hereinafter "1997 ACS").

F. Asserted Grounds of Unpatentability

USPS challenges claims 39–44 of the '548 Patent based on the asserted grounds of unpatentability set forth in the table below (Pet. 17–74):

39—44	**§ 101**	
39—44	§ 102	Park
39—44	§ 102	1997 ACS
39—41	§ 102	Uhl
39 and 40	§ 103	Uhl and Krause

[2] Park is a Korean-language patent reference. The citations to Park are to the certified English-language translation submitted by USPS (Ex. 1003).

39 and 40	§ 103	Uhl and 1997 ACS
42, 43, and 44	§ 103	Uhl and Jatkowski
42, 43, and 44	§ 103	Uhl, Jatkowski, and 1997 ACS
39—44	§ 305	

II. ANALYSIS

A.. Claim Construction

In a covered business method patent review, we interpret claim terms in an unexpired patent according to the broadest reasonable interpretation in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable interpretation standard, and absent any special definitions, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definitions for claim terms must be set forth with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

USPS argues that the following claim terms are subject to special construction: "decode" and "encode," and uses thereof in the claims, "returned mail items"

and "mail items returned," "returned service provider," "detector" "processor," "network," and "posting." Pet. 13–17. USPS acknowledges that the claims have been construed by the U.S. Court of Federal Claims (Pet. 13, citing Ex. 1011), but argues that we should give the subject claim limitations a broader construction than the Court did. *Id.* Return Mail disagrees, and points out that we may consider the court's claim construction order and determine whether it is consistent with the broadest reasonable interpretation, in light of the Specification of the '548 Patent. Prelim. Resp. 17. Additionally, Return Mail argues for a construction of the above-cited claim limitations that is consistent largely with the Court's Order. *Id.* at 17–22 (citing Ex. 1011). We also note that the parties additionally agreed to constructions for specific claim terms in the case pending before the U.S. Court of Federal Claims. Exs. 2003–2005.

Upon review of the parties' arguments, as well as the Court's Order and the agreed constructions, we are persuaded that the Court's construction and the parties' agreed constructions are consistent with the broadest reasonable interpretation, in light of the Specification. In the cases of "detector" "processor," "network," and "posting," although we accept that these terms should be construed according to their plain and ordinary meanings, we supply such constructions for sake of completeness. As such, we adopt the following constructions for purposes of this decision:

"decode," "decoding," "decoded information," "decoded data"	39—42	"decipher information into useable form," "deciphered usable information," "deciphered, usuable data"
"encode," "encoding," "encoded information," "encoded data"	41, 42, 44	"convert information into code," "information converted into code," "data converted into code"
"returned mail items" "mail items returned"	39, 40	"items that are mailed and come back to a post office facility"
"returned service provider"	39—41	"an entity that performs electronic return mail processing"

"detector"	41	"a device for detecting information"
"processor"	41	"a computing device"
"network"	42	"electronic connections enabling access"
"posting"	42	"making available on a network"

B. Consideration of AIA § 18(a)(1)(C)

AIA § 18(a)(1)(C) requires that a challenge to a claim in a covered business method patent be supported by prior art that is (i) described by pre-AIA 35 U.S.C. § 102(a), or (ii) (I) that discloses the invention more than one year before the date of application for patent in the United States and (II) would be described by pre-AIA 35 U.S.C. § 102(a) if the disclosure had been made by another before the invention thereof by the applicant for patent.

Certain references cited in the Petition are prior art to the challenged claims of the '548 Patent only under 35 U.S.C. § 102(e). Under AIA § 18(a)(1)(C), these references are not available for consideration in a covered business method review. The application that

issued as the '548 Patent was filed January 24, 2002. USPS asserts that claims 39–44 are not entitled to any priority date earlier than that filing date. Pet. 27–30. Consequently, Krause and Jatkowski, based on their publication or issuance dates, which occur after the application filing date, may not be the basis for a covered business method review of the '548 Patent. This removes USPS's asserted grounds, as recited below:

39 and 40	**§ 103**	**Uhl and Krause**
42, 43 and 44	§ 103	Uhl and Jatkowski
42, 43 and 44	§ 103	Uhl, Jatkowski and 1997 ACS

C. Covered Business Method Patent

1. Financial Product or Service

Under AIA § 18(a)(1)(E), we may institute a transitional review proceeding only for a patent that is a covered business method patent. A "covered business method patent" is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). A

patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012).

USPS contends that independent claim 39 of the '548 Patent includes subject matter that is financial in nature because it "provides a method for easing the administrative burden of finance companies, mortgage companies, and credit card companies by making relaying updated mailing address data more cost effective." Pet. 7–8 (citing Ex. 1001, 1:25–38). USPS also points out that method of claim 39 "is particularly applicable to high volume (bulk) mail users such as credit card companies," but "is also applicable to any mail user who experiences and must deal with quantities of returned mail each month." *Id.* at 8 (citing Ex. 1001, 2:60–65). Return Mail does not dispute that claim 39 recites subject matter that is financial in nature. Prelim. Resp. 10–14. We agree with USPS that independent claim 39 satisfies the "financial product or service" component of the definition set forth in AIA § 18(d)(1).

In addition, we note that independent claim 40 is directed to a computer program embodied on a computer-readable medium, yet recites similar claim limitations as those recited in independent claim 39. *Compare* Ex. 1002, 1:21–33, *with id.* at 1:34–51. Therefore, for the same reason discussed above with

respect to independent claim 39, independent claim 40 also satisfies the "financial product or service" component of the definition set forth in § 18(d)(1) of the AIA.

2.. Technological Invention

The definition of a "covered business method patent" does not include patents for "technological inventions." When determining whether a patent is for a technological invention, we consider "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." 37 C.F.R. § 42.301(b). The following claim drafting techniques, for example, typically do not render a patent a "technological invention":

> (a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.
>
> (b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

> (c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48756, 48763-64 (Aug. 14, 2012).

USPS contends that the claimed features merely eliminate the very labor intensive task of manually updating individual mailing address records. Pet. 9 (citing Ex. 1015, 250). USPS argues that the claims employ no specific technology, and "recite only nominal, generic, long-existing technologies, such as the common telephone, any computer, or any Internet or intranet address or location." *Id.* USPS also argues that, even if these claimed features could be characterized as technical, they are not novel ornonobvious, nor do they introduce a technical solution to a technical problem. *Id.* at 9–10.

Return Mail alleges that USPS failed to demonstrate that claim 39 is not a technical invention. Prelim. Resp. 11–12. Return Mail argues that USPS has referred only to some elements of that claim, made conclusory statements, and failed to consider the claim as a whole. *Id.* at 12. Additionally, Return Mail argues that the "decoding" step in claim 39 relates to technology, and that the U.S. Court of Federal Claims found that "electronic terms such as 'decoding' and 'electronically transmitting' are used." *Id.* (citing Ex. 1011, 18).

Per the above claim construction, "decoding" is interpreted as "deciphering information into useable form," which does not necessarily require an electronic means to accomplish. Information can be deciphered in several ways, and does not mean that claim 39 is drawn to a technical invention. Moreover, at the time of the invention of the '548 Patent, neither decoding, such as bar code reading, nor electronically transmitting, was unknown, unachievable, or incapable of being combined in the manner claimed. In fact, the '548 Patent discloses that such encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed. *See, e.g.*, Ex. 1001, 3:11–15. Similarly, the '548 Patent Specification provides that the electronic transmission can occur through a connection "electronically linked by a data line, which may be any conventional telecommunications data line." *Id.* at 3:52–54. Therefore, we conclude that claim 39 of the '548 Patent does not solve a technical problem using a technical solution. We find the above analysis of the technical invention aspect of claim 39 to be equally attributable to claim 40.

The current situation does not require us to assess whether all of the claimed subject matter of the '548 Patent, as a whole, recites a technological feature that is novel and unobvious over the prior art. Because we conclude that the claimed subject matter of claims 39 and 40 of the '548 Patent does not solve a technical problem using a technical solution, the '548 Patent is a covered business method patent eligible for a covered business method patent review.

D. Standing Under AIA Section 18

AIA Section 18 limits covered business method patent reviews by requiring that "[a] person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or *has been charged with infringement under that patent*." AIA § 18(a)(1)(B) (emphasis added); *see* 37 C.F.R. § 42.302.

Return Mail argues that for a suit for infringement to be brought, it must be brought under 35 U.S.C. §§ 271 and 281, whereas Return Mail sued the United States in the U.S. Court of Federal Claims under an eminent domain statute, 28 U.S.C. § 1498, for unlicensed use of the '548 Patent. Prelim. Resp. 6–8. Return Mail points out that "the Federal Circuit has held that the 'plain language of § 1498(a) indicates that § 1498(a) operates independently from Title 35.'" *Id.* at 8 (citing *Zoltek Corp. v. U.S.*, 672 F.3d 1309, 1321 (Fed. Cir. 2012)). On this basis, Return Mail alleges that the United States lacks proper standing to petition for covered business method patent review of the '548 Patent. *Id.* at 8–10.

We disagree with Return Mail. The plain language of § 18(a) of the AIA limits covered business method patent reviews to persons sued or charged with infringement of the covered business method patent. There is no dispute that Return Mail sued the United States in the U.S. Court of Federal Claims under 28

U.S.C. § 1498 for unlicensed use of the '548 Patent. *See* Prelim. Resp. 6—8; Pet. 10. The question before us, then, is whether an action brought against the United States under Section 1498(a) is a suit for infringement.

Section 1498(a) states the following:

> Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy *shall be by action against the United States in the United States Court of Federal Claims* for the recovery of his reasonable and entire compensation for such use and manufacture.

28 U.S.C. § 1498(a) (emphasis added). Section 271(a) states that "whoever without authority makes [or] uses . . . any patented invention, within the United States . . . during the term of the patent therefor, infringes the patent." 35 U.S.C. § 271(Infringement of patent). Because 28 U.S.C. § 1498(a) indicates the United States is liable for its use or manufacture of a patented invention without license or lawful right, which falls within the definition of patent infringement under 35 U.S.C. § 271, the United States is liable under 28 U.S.C. § 1498(a) for infringement of a patent when those circumstances are met.

Accordingly, because the United States has been sued for infringement of the '548 Patent under 28 U.S.C. § 1498(a), the United States has standing, under Section 18 of the AIA, to seek a covered business method patent review of the '548 Patent. The fact that 28 U.S.C. § 1498(a) further specifies that a patent owner's remedy for patent infringement by the United States "shall be by action against the United States in the United States Court of Federal Claims" does not disqualify the United States from seeking a covered business method patent review of the '548 Patent. The plain language of § 18(a) of the AIA does not limit covered business method patent reviews to persons sued for infringement under 35 U.S.C. §§ 271 and 281, as Return Mail contends. *See* Prelim. Resp. 6-10. Return Mail has not pointed to any of the legislative history, or particular portion, of the AIA that would suggest that covered business method patent reviews should be limited to persons sued for infringement under 35 U.S.C. §§ 271 and 281 or that the United States should be barred from petitioning for a covered business method patent review under Section 18(a) of the AIA.

Moreover, 37 C.F.R. § 42.302 provides, in part, that in the context of a covered business method patent review, "[c]harged with infringement means a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a declaratory judgment action in *Federal court*." The latter makes clear that it is the ability to seek relief in Federal court

that is important to the standing inquiry, and not the specific court or action.

Return Mail also analogizes that *inter partes* reviews under 35 U.S.C. § 315(b) must be brought under 35 U.S.C. §§ 271 and 281, such that "sued for infringement of the patent," per 37 C.F.R. § 42.302, should have the same meaning as "served with a complaint alleging infringement of the patent," per § 315(b). Prelim. Resp. 7 (citing *Amkor Technology, Inc. v. Tessera, Inc.*, Case IPR2013- 00242, slip op. at 18 (PTAB Jan. 31, 2014) (Paper 98)). We are not persuaded that "has been sued for infringement of the patent" for purposes of determining eligibility for a covered business method patent review should be interpreted the same way as "served with a complaint alleging infringement of the patent" is interpreted with respect to whether a petition for *inter partes* review is timely. Nor are we persuaded that "charged with infringement under that patent," in 37 C.F.R. § 42.302(a) relating to covered business method patent reviews, has the same legislative history as § 315(b), alluded to in decision cited by Return Mail and relating to *inter partes* reviews. *See Amkor Technology, Inc. v. Tessera, Inc.*, Case IPR2013-00242, slip op. at 12–15 (PTAB Jan. 31, 2014) (Paper 98).

As such, we are not persuaded that the United States lacks standing under Section 18(a) of the AIA or 37 C.F.R. § 42.302 to petition for covered business method patent review.

E. 35 U.S.C. § 101 Ground of Unpatentability

USPS contends that claims 39–44 of the '548 Patent are directed to non- statutory subject matter under 35 U.S.C. § 101. Pet. 17–27. Return Mail argues that claims 39–44 recite patent-eligible subject matter. Prelim. Resp. 22–36. We have also reviewed the arguments provided in the Supplemental Response (Paper 9) and Sur-Reply (Paper 10). Although we have not relied on those arguments, we disagree with Return Mail's contention (Sur-Reply 3) that supplemental briefing is not permitted before institution of a covered business method patent review. The rule relied on by Return Mail addresses filing supplemental information after institution, and does not preclude supplemental briefing before institution. Sur-Reply 3 (citing 37 C.F.R. § 42.223). In the particular circumstances of this case and in view of the challenged claims, supplemental briefing on the recent Supreme Court case addressing 35 U.S.C. § 101, which was decided after the Petition was filed, was warranted. *See* Paper 7.

Upon reviewing Petitioner's analysis and supporting evidence, we are persuaded that USPS has established that claims 39—44 more likely than not are directed to non-statutory subject matter under § 101.

Section 101 provides that: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent

therefor, subject to the conditions and requirements of this title."

The Supreme Court recognizes three exceptions to these statutory classes: laws of nature, natural phenomena, and abstract ideas. *Alice Corp.*, 134 S. Ct. at 2354; *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012). Although an abstract idea by itself is not patentable, a practical application of an abstract idea may be deserving of patent protection. *Alice*, 134 S. Ct. at 2355. We must consider "the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id.* (citing *Mayo*, 132 S. Ct. at 1298). The claim must contain elements or a combination of elements that are "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself." *Id.* (citing *Mayo*, 132 S. Ct. at 1294).

1. Claims 39 and 40

Claims 39 and 40 are independent claims, and we are persuaded that, on the current record, USPS has shown sufficiently that those claims are more likely than not directed to non-statutory subject matter. USPS contends that claim 39 recites the abstract idea of relaying mailing address data, with only insignificant extra-solution activity and fails the machine-or-transformation test. Pet. 19–22. USPS cites *Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012) and *CyberSource Corp. v. Retail Decisions, Inc.*,

654 F.3d 1366 (Fed. Cir. 2011), and argues that claim 39 uses conventional technology to relay mailing address data. *Id.* at 19–20. USPS also argues that "electronically transmitting" applies conventional telecommunications systems, and is not integral to the claimed subject matter, and further argues that claim 39 fails to transform any article. *Id.* at 20–22. Return Mail responds that claim 39 deals with "actual hard copy mail," and not just abstract ideas. Prelim. Resp. 26. Return Mail also argues that claim 39 does not rely merely on a computer to be patent-eligible. *Id.* at 27. We do not agree with Return Mail.

Claim 39, as a whole, is directed to the processing of returned mail items, involving decoding information, obtaining an updated address, and electronically transmitting that updated address to a transferee. We are persuaded that the steps are directed to the abstract idea of relaying mailing address data, with the inclusion of an electrical transmission step.

Regarding whether claim 39 includes limitations that amount to significantly more than the abstract idea of relaying mailing address data, per our claim construction, we find that the "decoding" step is "deciphering information into useable form," but that does not necessarily bring it out of the realm of processes performed in the past by human beings. In fact, all of the claimed steps could be performed in the human mind, with the exception of the transmitting step. Additionally, on the current record, we are persuaded that what the data might be deemed to represent to the human mind — e.g., "information

indicating whether the sender wants a corrected address to be provided for the intended recipient" — does not substantially affect the underlying structure or function of the claim or any machine on which it is carried out. Consistent with USPS's position, the '548 Patent disclosure does not describe any particular hardware to perform the steps recited in claim 39, but refers merely in broad terms to generic computer hardware and software.

In addition, even if we agree with Return Mail that claim 39 uses *data* provided on "actual hard copy mail," (Prelim. Resp. 26), this would not, in itself, amount to being significantly more than the abstract idea of relaying mailing address data. Most abstract ideas have some tether to real world objects, but that tether does not bring with it subject matter eligibility.

Additionally, like the terms "computer-aided" in *Dealertrack*, and "transaction database" in *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013), the last limitation in claim 39, namely "electronically transmitting an updated address of the intended recipient to a transferee, wherein the transferee is a return mail service provider," does not amount to significantly more than the abstract idea of relaying mailing address data. The transmission technology is employed only for the purposes of creating more efficient communication, and would be a basic function of any electrical transmission system.

As such, we are persuaded that USPS has shown that claim 39 is more likely than not directed to non-statutory subject matter.

With respect to claim 40, USPS argues that the claim merely embodies the steps of claim 39, and cites *Dealertrack* for the proposition that apparatus claims directed to a "computer readable medium" that simply transcribed, applied, or embodied an abstract method claim would not render the claim patentable. Pet. 22–23. USPS further argues that claim 40 differs from claim 39 in substance only that it includes a step of "causing a computer to store decoded information," and the claims should be considered equivalent for purposes of patent eligibility. *Id.* Return Mail relies on the analysis for claim 39 and argues that USPS has failed to address the steps of claim 40 as a whole. Prelim. Resp. 29–30.

We are persuaded, based on the current record, that the analysis of claim 40 should be similar to that of claim 39. Claim 40 also recites a "customer number," and determining decoded data based on that number. It does little to further limit the same abstract idea embodied in claim 39. As such, we are persuaded that USPS has shown that claim 40 is more likely than not directed to non-statutory subject matter.

2. Claims 41–44

Claims 41 and 42 are independent, and claims 43 and 44 depend from independent claim 42. We are

persuaded that claims 41–44 are more likely than not directed to non-statutory subject matter.

USPS argues that claim 41 merely recites a detector and a processor, and adds an encoding limitation. Pet. 23. According to USPS, a detector and a processor are alleged to be generic and only capable of performing the method steps of claim 39. Pet. 23–24. USPS emphasizes the format of a claim does not change its patent eligibility analysis under § 101. *Id.* at 23 (citing *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1276-1277 (Fed. Cir. 2012)). USPS also alleges that "detector" is broad enough to encompass all forms of optical scanning, including by a person, and the encoded information could be a zip code. *Id.* at 24. USPS also urges that even if claim 41 requires a particular detector, decoder, or computer, that claim still is not a "'technical advance used to implement an abstract idea unrelated to that technology.'" *Id.* at 24 (citing *CRS Adv. Tech Inc., v. Frontline Tech Inc.*, Case CBM2012–00005, slip op. at 15 (PTAB Jan. 23, 2014) (Paper 66)). Lastly, USPS cites to *Ex parte Ramanujam*, No. 2009-002483, 2010 WL 3214559, at *4 (BPAI Aug. 12, 2010), for the proposition that decoding technology is nonstatutory. Pet. 24–25.

Return Mail contends that claim 41 recites limitations that are significantly more than just an abstract idea. Prelim. Resp. 31-32. Based on the claim construction discussed above, we construe "detector" as "a device for detecting information;" however, we are

persuaded, on this record, that the recited "detector" and "processor" are generic. As discussed previously, the '548 Patent discloses that encoding and decoding were old and well-known at the time the application leading to the '548 Patent was filed. *See, e.g.*, Ex. 1001, 3:11–15.

We, however, agree with Return Mail (Prelim. Resp. 31) that USPS has mischaracterized *Ex parte Ramanujam*, by suggesting that decoding technology is nonstatutory. The Board determined, in that case, that the recited claim elements did not invoke hardware or any physical element, and were directed to software *per se*. *Ex parte Ramanujam*, No. 2009–002483, 2010 WL 3214559, at *3 (BPAI Aug. 12, 2010).

Thus, we are persuaded that USPS has shown that claim 41 is more likely than not directed to non-statutory subject matter.

USPS acknowledges that claim 42 adds posting and creating output data steps to the steps recited in claim 39, but argues that those steps are "conventional, non-technological steps that simply ensnare the abstract business process of relaying mailing address data." Pet. 25. Return Mail contends that the receiving, identifying, and determining steps recited by claim 42 are distinct from the limitations recited in claim 39, and impart meaningful limitations that recite patent-eligible subject matter.

On this record, we are persuaded that claim 42 more likely than not is directed to non-statutory subject matter. Claim 42 recites steps that receive mail items including certain types of data, identify mail items that are returned subsequent to mailing as undeliverable, decode encoded data indicating whether the sender wants a corrected address to be provided, create output data including a customer number and decoded data, and determine if the sender wants a corrected address. The method of claim 42 also recites steps based on whether the sender wants a corrected address—electronically transferring information if a corrected address is wanted, and posting return mail data records on a network if the sender does not want to receive the corrected address.

We agree with USPS that claim 42 is directed to the abstract idea of relaying mailing address data and does not recite limitations that amount to significantly more than that abstract idea. For reasons discussed previously, we are persuaded, on this record, that decoding, encoding, and electronically transferring information do not impart meaningful limitations to the abstract idea of relaying mailing address data. We are not persuaded that limiting claim 42 to handling hard copy mail, as Return Mail contends (Prelim. Resp. 33), in itself, amounts to being significantly more than the abstract idea of relaying mailing address data, for the reasons discussed earlier. Nor are we persuaded on this record that the recited steps of posting customer number and decoded data on a network, determining whether a sender wants a corrected address, or

identifying mail items that are returned subsequent to mailing as undeliverable impart meaningful limitations to the abstract idea of relaying mailing address data.

Return Mail contends that, because USPS and its declarant Dr. Lubenow fail to address all of the limitations recited in claim 42, the Petition is deficient. Prelim. Resp. 33–34. We cannot find a claim unpatentable over a petition that does not comply with 37 C.F.R. § 42.304(b)(4) ("For all other grounds of unpatentability, the petition must identify the specific part of the claim that fails to comply with the statutory grounds raised and state how the identified subject matter fails to comply with the statute.").

In its Petition, however, USPS asserts that claim 42 fails to comply with 35 U.S.C. § 101 because claim 42 adds only conventional non-technological steps to the abstract concept of relaying mailing address data recited in claim 39. Pet. 25. USPS contends that claim 42, as a whole, is directed to the abstract idea of relaying mailing address data and does not recite additional elements that amount to significantly more than the abstract idea. In its assertions, USPS addresses posting and creating output (*id.* at 25-26), electronic transmission (*id.* at 21-22), and decoding (*id.* at 21). Thus, USPS has identified the claim as a whole fails to comply with 35 U.S.C. § 101 and how the identified subject matter of claim 42 fails to comply with 35 U.S.C. § 101.

Therefore, we are persuaded that USPS has shown that claim 42 is more likely than not directed to non-statutory subject matter.

Claims 43 and 44 depend from independent claim 42. Claim 43 recites transmitting a name and address, and claim 44 recites the encoded data indicates a name and address of the intended recipient. USPS asserts that the limitations of claims 43 and 44 do not recite non-generic technological limitations and, therefore, do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26-27.

Return Mail counters that the limitations recited by claims 43 and 44 are meaningful because they are added to the meaningful limitations recited in claim 42. Prelim. Resp. 35. Return Mail also contends again that the Petition is deficient because USPS has not addressed the specific limitations. *Id.*

As discussed above, we are not persuaded, on this record, that the limitations of claim 42 add significantly more to the abstract idea of relaying mailing address data. We are persuaded that USPS has met the requirements of 37 C.F.R. § 42.304(b)(4). USPS, in its contentions that claims 43 and 44 are unpatentable under 35 U.S.C. § 101, addresses the additional limitations recited by claimed 43 and 44 and asserts the limitations do not amount to significantly more than the abstract concept of relaying mailing address data. Pet. 26-27.

As such, we are persuaded that USPS has shown that claims 43 and 44 are more likely than not directed to non-statutory subject matter.

F. Claims 39–44 – Anticipation by 1997 ACS

USPS asserts that claims 39–44 of the '548 Patent are anticipated by 1997 ACS. Pet. 42–53. USPS relies on the testimony of Dr. Lubenow to support its assertions. Ex. 1008. Return Mail counters that 1997 ACS does not anticipate the subject claims. Prelim. Resp. 49–59. We are persuaded by USPS that, on this record and for the purposes of institution, 1997 ACS, more likely than not, anticipates claims 39–44, as discussed below.

1. Overview of 1997 ACS

1997 ACS discloses an automated electronic process for providing address corrections to mail senders. Ex. 1004, 5. Senders place an intended recipient on the mail piece and encode an Address Change Service ("ACS") participant code on the mail piece for which they would like a corrected address. *Id.* at 8. The ACS participant code includes seven alphabetical characters preceded by a pound sign ("#"). *Id.*; *see* "#BXBJDCK" in the figure, reproduced below.

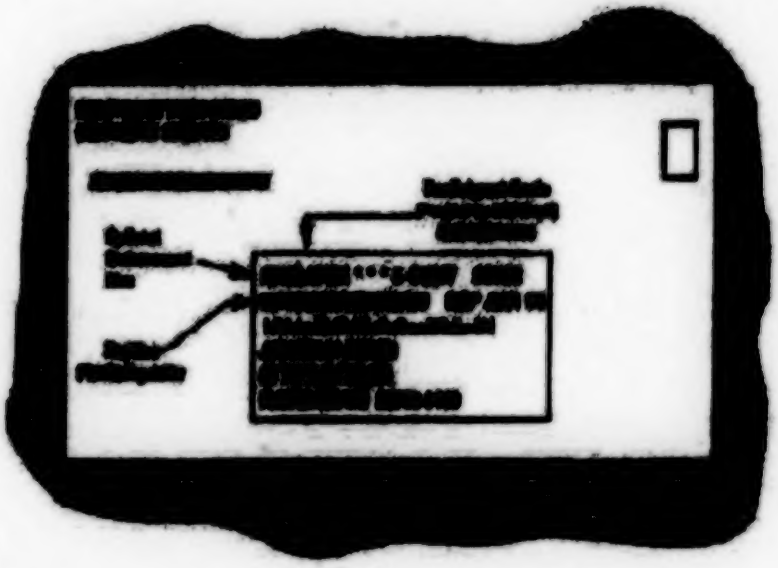


Figure from page 8 of 1997 ACS illustrating the participation requirements of its address change service.

A properly coded ACS participant code includes information about the additional service (known as an "ancillary service") or set of services the mailer is requesting (e.g., corrected address requested or destroy mail piece subsequent to mailing). Ex. 1004, 4. Dr. Lubenow states that "[t]o receive address change services a sender must place either an ancillary service endorsement or a participant code on the mail piece." Ex. 1008, ¶ 176. The ACS participant code needs to be deciphered into usable information, as one merely

regarding the code cannot know what ancillary services it includes.

When the mail is undeliverable-as-addressed (e.g., the intended recipient moved and did not file a change of address), the carrier sends the mail to the Computerized Forwarding System (CFS), where the CFS decodes the ACS participant code and determines how to process the returned piece of mail. Ex. 1004, 4. The ACS system obtains an updated address of the intended recipient by matching the name and address to a Change of Address (COA) record on file at the CFS. *Id.* ACS electronically transmits the updated address for the intended recipient to a mail service provider (e.g., National Customer Service Center), which provides updated addresses to ACS participating mailers. *Id.* at 4–8. 1997 ACS describes that the notifications can occur through "telecommunications transmissions rather than physical magnetic media." *Id.* at 9. Returned mail without an ancillary service endorsement or ACS participant code indicates corrected address service is not wanted for this mail piece. *Id.* at 4; Ex. 1008, ¶ 176.

2. Consideration of Return Mail's Arguments

Return Mail argues that 1997 ACS does not disclose the participant code relating in any way to whether a sender wants a corrected address to be provided. Prelim. Resp. 49–51. Based on the current record, we are persuaded that Petitioner has shown sufficiently that the ACS participant code details the mailer and

also provides information about the services the mailer is requesting, including whether a corrected address is requested. Pet. 44–45. Although Return Mail contends that the ACS participant code "is an identification tool given to senders that helps assemble electronic reports and invoices to give the sender" (Prelim. Resp. 50–51), we are persuaded that it also provides information about services requested. *See* Pet. 45–46. On this record, we also find persuasive Dr. Lubenow's testimony that if the mail piece does not have a participant code, the electronic notification will not be generated. Ex. 1008, ¶¶ 171–181.

We have also considered Return Mail's arguments regarding claims 40–44. There is sufficient evidence in the record, however, to support USPS's contentions with respect to those claims.

Having considered the information in the Petition and the Preliminary Response, we are persuaded, for purposes of institution and on this record, that USPS has demonstrated a reasonable likelihood that it would prevail in its contention that 1997 ACS anticipates claims 39–44.

G. Claims 39–44 – Impermissible Broadening

USPS alleges that claims 39–44 were impermissibly broadened during reexamination, and that we should cancel claims 39–44 "for being in violation of [35 U.S.C.] § 305." Pet. 66–68. USPS goes on to discuss the broadening in each of claims 39–44, with citations

to Dr. Lubenow's Declaration. *Id.* at 68–74. USPS asserts, based on 35 U.S.C. § 324(b), that we may institute "when there is a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications." *Id.* at 12.

Return Mail responds that assertions of impermissible reexamination broadening under 35 U.S.C. § 305 are not proper bases for covered business method patent review. Prelim. Resp. 14–16. Return Mail argues that the statutes governing this proceeding define what grounds may be the basis of review, and USPS "has not shown that its 'impermissible broadening' assertion" raises a novel or unsettled legal question. *Id.* at 16. We agree with Return Mail.

35 U.S.C. § 321(b) provides that:

> (b) SCOPE.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

In turn, 35 U.S.C. § 282(b)(2) and (3) provide:

> (2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

> (3) Invalidity of the patent or any claim in suit for failure to comply with—(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or
> (B) any requirement of section 251.

Part II covers §§ 100–212, such that § 305 falls outside the scope of § 282(b)(2) or (3). As such, we are not convinced that assertions of impermissible broadening under § 305 can be a proper basis for a covered business method patent review.

USPS also argues that grounds applying § 305 may be considered based on § 324(b). Pet. 12. Section 324(b) provides that the threshold for institution "may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications." 35 U.S.C. § 324(b). USPS has not provided a persuasive rationale for why we should address impermissible broadening in a covered business method patent review. USPS details how amendments made during reexamination may not be broadened beyond their original scopes (Pet. 66–67), but the instant proceeding is not a reexamination proceeding. The reexamination proceeding for the '548 Patent has concluded, with the issuance of the instant claims. If amendments are made in the instant proceeding, they will be evaluated under 35 U.S.C. § 326(d) and their scopes considered under § 326(d)(3), a

different section than applies in reexamination. Lastly, it is not necessary to consider whether challenging claims under § 305 is a proper ground for covered business method patent review, because the patentability of claims 39-44 of the '548 Patent will be considered during this proceeding.

H. Other Asserted Grounds of Unpatentability

USPS also asserts the following grounds of unpatentability:

39-44	**§ 102**	**Park**
39-41	§ 102	Uhl
39 and 40	§ 103	Uhl and 1997 ACS

The Board's rules for AIA post-grant proceedings, including those pertaining to institution, are "construed to secure the just, speedy, and inexpensive resolution of every proceeding." 37 C.F.R. § 42.1(b); *see also* 35 U.S.C. §§ 316(b), 326(b) (regulations for AIA post-grant proceedings take into account "the efficient administration of the Office" and "the ability of the Office to timely complete [instituted] proceedings"). Therefore, we exercise our discretion and do not institute a review based on the other asserted ground for reasons of administrative necessity to ensure timely completion of the instituted proceeding. *See* 35 U.S.C.

§324(a) (indicating a covered business method patent review may not be authorized unless the information presented in the petition, if not rebutted, would demonstrate that is more likely than not that at least one of the challenged claims is unpatentable); 37 C.F.R. § 42.108(a).

I. 35 U.S.C. § 325(d)

Return Mail points out that 35 U.S.C. § 325(d) specifies that the Director may take into account whether the same or substantially the same prior art or arguments were presented previously to the Office and reject the petition on that basis. Prelim. Resp. at 4–6. Return Mail argues that four of the five prior art references that USPS has submitted in this proceeding were submitted and considered by the Office during the reexamination proceeding, and that USPS "has already tried, unsuccessfully, to invalidate the '548 patent, and should not be permitted to waste more resources trying again." *Id.* at 4, 6.

We recognize that the Board has the authority under 35 U.S.C. § 325(d) to reject a petition when the same or substantially the same prior art or arguments were presented in a previous proceeding before the Office. It is important to note, however, that we are not required to reject a petition merely for that reason. Both the statutory provision and its legislative history include permissible language, e.g., "may" and "allows," rather than mandatory language, e.g., "must" or "requires."

Although we are cognizant of the burden on Return Mail and the Board to rehear the same or substantially the same prior art or arguments that were considered in prior proceedings, there are sufficient reasons in this proceeding to exercise our discretion to institute a covered business method patent review. Notably, not all of the art proffered has been considered previously in the reexamination or reissue proceedings. There are additional grounds that can be considered in a covered business method patent review, as well some, as discussed above, that cannot be considered, as compared with the prior reissue or reexamination proceedings.

Accordingly, taking into account the burden on Return Mail and the considerations set forth in 35 U.S.C. § 326(b), e.g., the efficient administration of the Office, we grant the Petition as to the grounds discussed above.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition establishes that it is more likely than not that Petitioner would prevail in establishing unpatentability of claims 39–44 of the '548 Patent.

The Board has not made a final determination on the patentability of any challenged claims.

IV. ORDER

It is:

ORDERED that pursuant to 35 U.S.C. § 324(a) and § 18(a) of the AIA, a covered business method patent review is hereby instituted for the following grounds of unpatentability:

39-44	**§ 101**	
39-44	§ 102	1997 ACS

FURTHER ORDERED that the trial is limited to the grounds authorized and no other grounds; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, the trial commences on the entry date of this decision, and notice is hereby given of the institution of a trial.

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APPENDIX D

Note: This order is nonprecedential

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RETURN MAIL, INC.,
Appellant

v.

UNITED STATES POSTAL SERVICE, UNITED STATES,
Appellees

2016-1502

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2014-00116.

ON PETITION FOR PANEL REHEARING AND REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK, MOORE, REYNA, WALLACH, TARANTO, CHEN, AND HUGHES, *Circuit Judges*[*].

PER CURIAM.

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[*] Circuit Judges O'Malley and Stoll did not participate.

ORDER

Appellant Return Mail, Inc. filed a combined petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by appellees United States and United States Postal Service. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied

The mandate of the court will issue on December 22, 2017.

FOR THE COURT

December 15, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

APPENDIX E

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1), 125 Stat. 284, 329-31 (2011)

SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) Transitional Program.—

(1) Establishment.— Not later than the date that is 1 year after the date of the enactment of this Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following:

(A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.

(B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section 102 or 103 of title 35, United States Code, as in effect on the day before the effective date set forth in section 3(n)(1), may support such ground only on the basis of—

(i) prior art that is described by section 102(a) of such title of such title (as in effect on the day before such effective date); or

(ii) prior art that—

(I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

(II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner's real party in interest, may not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before

the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.

(D) The Director may institute a transitional proceeding only for a patent that is a covered business method patent.

* * * * *

28 U.S.C. 1498

Patent and copyright cases

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. Reasonable and entire compensation shall include the owner's reasonable costs, including reasonable fees for expert witnesses and attorneys, in pursuing the action if the owner is an independent inventor, a nonprofit organization, or an entity that had no more than 500 employees at any time during the 5-year period preceding the use or manufacture of the patented invention by or for the United States.

Nothwithstanding[1] the preceding sentences, unless the action has been pending for more than 10 years from the time of filing to the time that the owner applies for such costs and fees, reasonable and entire compensation shall not include such costs and fees if the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust.

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States prior to July 1, 1918.

A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person

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[1] So in the original. Probably should be "Notwithstanding."

while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Government time, materials or facilities were used.

(b) Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government and with the authorization or consent of the Government, the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement, including the minimum statutory damages as set forth in section 504(c) of title 17, United States Code: Provided, That a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order, influence, or induce use of the copyrighted work by the Government: Provided, however, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as a part of the official functions of the employee, or in the preparation of

which Government time, material, or facilities were used: And provided further, That before such action against the United States has been instituted the appropriate corporation owned or controlled by the United States or the head of the appropriate department or agency of the Government, as the case may be, is authorized to enter into an agreement with the copyright owner in full settlement and compromise for the damages accruing to him by reason of such infringement and to settle the claim administratively out of available appropriations.

Except as otherwise provided by law, no recovery shall be had for any infringement of a copyright covered by this subsection committed more than three years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt of a written claim for compensation by the Department or agency of the Government or corporation owned or controlled by the United States, as the case may be, having authority to settle such claim and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as a part of the three years, unless suit is brought before the last-mentioned date.

(c) The provisions of this section shall not apply to any claim arising in a foreign country.

(d) Hereafter, whenever a plant variety protected by a certificate of plant variety protection under the

laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government, and with the authorization and consent of the Government, the exclusive remedy of the owner of such certificate shall be by action against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement: Provided, That a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order, influence, or induce use of the protected plant variety by the Government: Provided, however, That this subsection shall not confer a right of action on any certificate owner or any assignee of such owner with respect to any protected plant variety made by a person while in the employment or service of the United States, where such variety was prepared as a part of the official functions of the employee, or in the preparation of which Government time, material, or facilities were used: And provided further, That before such action against the United States has been instituted, the appropriate corporation owned or controlled by the United States or the head of the appropriate agency of the Government, as the case may be, is authorized to enter into an agreement with the certificate owner in full settlement and compromise, for the damages accrued to him by reason of such infringement and to settle the claim administratively out of available appropriations.

(e) Subsections (b) and (c) of this section apply to exclusive rights in mask works under chapter 9 of title 17, and to exclusive rights in designs under chapter 13 of title 17, to the same extent as such subsections apply to copyrights.

1 U.S.C. § 1

Words denoting number, gender, and so forth

In determining the meaning of any Act of Congress, unless the context indicates otherwise—

words importing the singular include and apply to several persons, parties, or things;

words importing the plural include the singular;

words importing the masculine gender include the feminine as well;

words used in the present tense include the future as well as the present;

the words "insane" and "insane person" shall include every idiot, insane person, and person non compos mentis;

the words "person" and "whoever" include corporations, companies, associations, firms,

partnerships, societies, and joint stock companies, as well as individuals;

"officer" includes any person authorized by law to perform the duties of the office;

"signature" or "subscription" includes a mark when the person making the same intended it as such;

"oath" includes affirmation, and "sworn" includes affirmed;

"writing" includes printing and typewriting and reproductions of visual symbols by photographing, multigraphing, mimeographing, manifolding, or otherwise.

35 U.S.C. § 311

Inter partes review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.

(b) SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) FILING DEADLINE.—A petition for inter partes review shall be filed after the later of either—

(1) the date that is 9 months after the grant of a patent; or

(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

35 U.S.C. § 315

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) Inter partes review bared by civil action.— An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) Stay of civil action.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.— If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under

section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

(e) ESTOPPEL.—

(1) Proceedings before the office.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) Civil actions and other proceedings.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of

the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

35 U.S.C. § 321

Post-grant review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the post-grant review.

(b) SCOPE.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

(c) FILING DEADLINE.—A petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).

35 U.S.C. § 325

Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) POST-GRANT REVIEW BARRED BY CIVIL ACTION.—A post-grant review may not be instituted under this chapter if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for post-grant review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the

civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PRELIMINARY INJUNCTIONS.—If a civil action alleging infringement of a patent is filed within 3 months after the date on which the patent is granted, the court may not stay its consideration of the patent owner's motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed under this chapter or that such a post-grant review has been instituted under this chapter.

(c) JOINDER.—If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.

(d) Multiple Proceedings.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other

proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.— The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding

before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that post-grant review.

(f) REISSUE PATENTS.—A post-grant review may not be instituted under this chapter if the petition requests cancellation of a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued, and the time limitations in section 321(c) would bar filing a petition for a post-grant review for such original patent.

APPENDIX F

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

Return Mail, Inc.,	)	**FILED**
Plaintiff,	)	**FEB 28 2011**
	)	**U.S. COURT**
v.	)	**OF**
	)	**FEDERAL**
	)	**CLAIMS**
	)	
The United States of America,	)	**11-130 C**
Defendant.	)	

COMPLAINT

Plaintiff Return Mail, Inc. ("RMI" or "Plaintiff") brings this action against the United States of America ("United States" or "Defendant") and alleges as follows:

NATURE OF THE ACTION

1. This is a claim pursuant to 28 U.S.C. § 1498(a) for the recovery of RMI's reasonable and entire compensation for the unlicensed use and infringement by the Defendant, of the invention claimed in United States Patent Number 6,826,548 ("'548 Patent") and the Ex Parte Reexaminination Certificate for the '548 Patent ("the '548 Reexam Certificate").

2. A true and correct copy of the '548 is attached hereto as "Exhibit A." The United States Patent and Trademark Office ("PTO") issued a Certificate of Correction to fix three typographical errors in the '548 Patent. A true and correct copy of the Certificate of Correction is attached hereto as "Exhibit B." A true and correct copy of the '548 Reexam Certificate is attached as "Exhibit C."

JURISDICTION

3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §§ 1491(a) and 1498(a) because the invention claimed in the '548 Patent and the '548 Reexam Certificate, which are owned by RMI, have been used by the Defendant without license by RMI or lawful right to use the same.

PARTIES

4. RMI is a company incorporated and existing under the laws of Alabama, with its principal place of business at 728 Shades Creek Parkway, Suite 130, Homewood, AL 30209. RMI is an ongoing business that provides technology services to handle returned and undeliverable mail and to minimize the associated costs.

5. RMI has not had more than 500 employees at any time during the 5-year period proceeding the use or manufacture of the invention described in and covered by the '548 Patent and '548 Patent Reexam Certificate.

6. RMI is the owner of the entire right, title, and interest to the '548 Patent and '548 Reexam Certificate as a result of assignments from the inventors, Ronald C. Cagle and Ralph M. Hungerpiller, to RMI. The assignment from Mr. Cagle to RMI was executed on October 14, 2002, and recorded in the PTO on October 2, 2003. The assignment from Mr. Hungerpiller was executed on March 31, 2005, and recorded in the PTO on April 11, 2005.

7. The United States is the Defendant in the action based upon the actions and conduct of USPS, an independent establishment of the executive branch of the United States. USPS's headquarters are located at 475 L'Enfant Plaza SW, Washington, DC 20260.

FACTS

A. USPS Repeatedly Expressed Interest in Licensing RMI's Invention.

8. The '548 Patent and the '548 Reexam Certificate are generally directed to a method for processing returned or undeliverable mail items that includes steps for obtaining the updated address of the intended recipient of the mailpiece.

9. Representatives from USPS met with or spoke to representatives from RMI on at least five occasions to discuss licensing the invention disclosed in the '548 Patent.

10. On or around April 13, 2003, at the National Postal Forum in New Orleans, Louisiana, Ralph ("Mitch") Hungerpiller, co-inventor of the '548 Patent and founder of RMI, met with Charles Bravo, USPS Senior Vice President, Intelligent Mail and Address Quality. On or about April 22, 2003, Jeff Freeman, USPS Manager Mail Technology Strategy, called Mr, Hungerpiller to discuss RMI's invention. On information and belief, Mr. Freeman's call was made at the request of Mr. Bravo.

11. On or around March 22, 2005, At the National Postal Forum in Nashville, Tennessee, Mr. Hungerpiller and T. Alan Ritchie, Jr. President of RMI, met with Mr. Freeman to discuss the '548 Patent. Mr. Hungerpiller and Mr. Ritchie gave Mr. Freeman a copy of the '548 Patent.

12. On or about January 19, 2006, in Washington, DC, Mr. Hungerpiller and Les Davenport, representatives of RMI, met with representatives of USPS to discuss licensing the invention disclosed in the '548 Patent. USPS representatives who attended the meeting included Anita Bizzotto, USPS Chief Marketing Officer, Nick Barranca, USPS Vice President Product Development, Sharon Daniel, USPS Manager Ground Services, Steve Kearney, Gary Reblin and Mr. Bravo.

13. At the conclusion of the January 19, 2006, meeting, Mr. Bravo requested that RMI identify two companies that send a high volume of mail ("high-

volume mailers") and could participate in a pilot program to use the '548 Patent to handle returned and undeliverable mail. In response to Mr. Bravo's request, RMI contacted high-volume mailers, and at least two companies expressed interest in participating in a pilot program between USPS and RMI to use the '548 Patent to handle returned and undeliverable mail.

14. On a around March 1, 2006, RMI sent a proposal to USPS regarding the pilot program to demonstrate RMI's invention, as suggested by Mr. Bravo. On information and belief USPS representative Mr. Reblin approved the pilot program, subject to the approval of USPS's National Address Quality team and USPS's Address Change Service team.

15. Between March 2006 and August 2006, USPS and RMI continues to discuss the technical details of the pilot program. RMI met three additional times with USPS representatives, including Jan Caldwell and Audrey Connelly who, on information and belief, were from USPS's National Quality team and USPS's Address Change Service team, respectively, in addition to Mr. Reblin, and Mr. Barranca. In addition, RMI and USPS held teleconferences and exchanged emails concerning the pilot program.

B. USPS Used the '548 Patent without License or Compensation to RMI.

16. In the Spring of 2006, USPS announced that it would offer OneCode ACS, an Address Change Service

("ACS") to process returned and undeliverable mail. In connection with its launch of OneCode, USPS published details of the OneCode ACS process on its website and through press releases.

17. On or around August 24, 2006, Mr. Ritchie, Mr. Hungerpiller, and Michael Murphy, a consultant to RMI and retired USPS, Manager of Address Management and National Customer Support Center, met with Mr. Barranca in Washington, DC. RMI representatives presented information on RMI and the invention disclosed in the '548 Patent. Mr, Ritchie, Mr. Hungerpiller, and Mr. Murphy explained that USPS's OneCode ACS infringed one or more claims of the '548 Patent. They also presented a power point slide comparing the process to handle returned and undeliverable mail disclosed in the '548 Patent and OneCode ACS.

18. On information and belief, USPS continues to utilize a process for returned or undeliverable mail that uses the methods of one or more of the claims of the '548 Patent or '548 Reexam Certificate through its use of OneCode ACS. USPS has published the OneCode ACS process in *OneCode ACS Technical Guide, Publication 8b* (available at http//ribbs.usps.gov /acs/documents/tech_guides/PUB8B.pdf).

19. On information and belief, USPS performs each step of the method of one or more of the claims of the '548 Patent or '548 Reexam Certificate through its use of OneCode ACS, and does so entirely within the United States.

20. USPS has refused to license the invention disclosed in the '548 Patent. The Defendant does not have a license and is not otherwise authorized or have the lawful right to use the '548 Patent or the '548 Reexam Certificate.

21. Defendant has engaged and continues to engage in the unlicensed and unlawful use and infringement of the invention claimed in the '548 Patent" and the '548 Reexam Certificate.

C. USPS Unsuccessfully Tried to Invalidate RMI's Patent

22. Rather than licensing RMI's invention and compensating RMI for its unlawful use of the '548 Patent and the '548 Reexam Certificate, USPS attempted to invalidate the '548 Patent.

23. On or about January 31, 2007, USPS, through its counsel Knobbe, Martens, Olson, and Bear LLP, petitioned the PTO to institute a Third-Party Request for Ex Parte Reexamination of the '548 Patent.

24. On or about April 17, 2007, the PTO granted USPS's Request for Ex Parte Reexamination, thereby instituting a reexamination of the '548 Patent.

25. Between April 17, 2007 and September 27, 2010, the PTO conducted a reexamination of the '548 Patent, including an assessment of the arguments made by USPS through counsel.

26. On or about September 27, 2010, the PTO issued a Notice of Intent to Issue Ex Parte Reexamination Certificate. The PTO added newly presented claims 57, 75, 88, and 115-36, to the '548 Patent and determined these newly presented claims were patentable in view of the prior art of record. The '548 Patent and the newly presented claims are directed to processing returned and undeliverable mail.

27. On January 4, 2011, the PTO duly and lawfully issues the '548 Reexam Certificate, including newly presented claims 57, 75, 88, and 115-136, renumbered as claims 39-63.

28. The PTO's actions constituted a rejection of the Defendant's attempts to invalidate RMI's patent.

COUNT I: UNLICENSED USE OF THE '548 PATENT AND THE '548 REEXAM CERTIFICATE BY THE DEFENDANT

29. RMI incorporates the above paragraphs 1 through 28 by reference as if fully set forth herein.

30. Upon information and belief, the Defendant, through USPS's use of OneCode ACS, has used the method for processing returned mail described in and claimed by the '548 Patent and the '548 Reexam Certificate, without a license from RMI or lawful right to use the same. Unlawful uses by the Defendant include, without limitation, using the systems and methods claimed in the '548 Patent and the '548

Reexam Certificate to process returned or undeliverable mail.

31. RMI's effort to identify all of the additional unlicensed uses of the '548 Patent and the '548 Reexam Certificate is ongoing and will be completed after a reasonable opportunity for discovery in this case.

32. RMI's effort to quantify the extent of damages is ongoing and will be completed after a reasonable opportunity for discovery in this case.

33. RMI is entitled to reasonable and entire compensation for the Defendant's unlicensed use of the '548 Patent and the '548 Reexam Certificate in violation of RMI's patent rights.

PRAYER FOR RELIEF

WHEREFORE, RMI respectfully requests that this Court award to RMI:

A. Reasonable and entire compensation for the unlicensed (or otherwise unlawful) use of the '548 Patent and the '548 Reexam Certificate by or for the Defendant, in an amount to be determined;

B. RMI's reasonable fees for expert witnesses and attorneys, plus its costs;

C. Pre-judgment interest (or "delay compensation") and post-judgment interest;

D. Entry of a judgment that Defendant, through USPS, used the '548 Patent and the '548 Reexam Certificate without licensee or authorization by RMI; and

E. Such other and further relief as the Court deems just and proper.

/s/ Steven J.Rosenbaum
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Date: February 28, 2011

APPENDIX G

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RETURN MAIL, INC.,
Appellant

v.

UNITED STATES POSTAL SERVICE, UNITED STATES,
Appellees

2016-1502

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2014-00116.

ON MOTION

PER CURIAM.

ORDER

Appellant Return Mail, Inc. moves for leave to file a reply in support of its combined petition for panel hearing and rehearing en banc.

Upon consideration thereof,

IT IS ORDERED THAT:

The motion is denied.

Circuit Judge NEWMAN dissents.

FOR THE COURT

December 5, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RETURN MAIL, INC.,
Appellant

v.

UNITED STATES POSTAL SERVICE, UNITED STATES,
Appellees

2016-1502

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. CBM2014-00116.

Decided: August 28, 2017

RICHARD L. RAINEY, Covington & Burling LLP, Washington, DC, argued for the appellant. Also represented by MICHAEL S. SAWYER; ERIC MICHAEL ADAMS, DOUGLAS H. ELLIOTT, The Elliott Law Firm, PLLC, Bellaire, TX; LEE LANDA KAPLAN, JEFFREY POTTS, Smyser, Kaplan & Veselka, LLP, Houston, TX.

DAVID ALLEN FOLEY, JR., Commercial Litigation Branch, Civil Division, United States Department of Justice, Washington, DC, argued for appellees. Also represented by BENJAMIN C. MIZER, JOHN FARGO.

Before PROST, *Chief Judge*, NEWMAN and WALLACH, *Circuit Judges*.

Opinion for the court filed by *Chief Judge* PROST.
Dissenting opinion filed by *Circuit Judge* NEWMAN.

PROST, *Chief Judge*:

Patent assignee Return Mail, Inc. ("Return Mail") appeals from the final written decision of the U.S. Patent and Trademark Office's ("PTO") Patent Trial and Appeal Board ("Board") in a review of a covered business method ("CBM") patent. The Board held that the U.S. Postal Service and the United States (collectively, "the Postal Service") were not statutorily barred from filing the underlying petition for review. On the merits, the Board determined that all of the challenged patent claims were directed to ineligible subject matter under 35 U.S.C. § 101. We affirm.

I. BACKGROUND

A

In 2011, Congress enacted the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284, which created several new quasi-adjudicatory proceedings before the PTO for determining the patentability of issued patent claims. These proceedings include inter partes review ("IPR"), post-grant review ("PGR"), and review of CBM patents ("CBM review"). *See* 35 U.S.C. §§ 311–319 (IPR); *id.* §§ 321–329 (PGR);

AIA § 18, Pub. L. No. 112-29, 125 Stat. 284, 329–31 (2011) (CBM review).

This appeal arises from a CBM review, which unlike IPR or PGR, is limited to CBM patents—i.e., patents "that claim[] a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service," with the exception of "technological inventions." AIA § 18(d)(1). CBM review is also a "transitional"program, currently scheduled to sunset in September 2020. AIA § 18(a)(3). It is governed by AIA § 18 and, with certain exceptions, "employ[s] the standards and procedures of[] a [PGR] under [35 U.S.C. §§ 321– 29]." AIA § 18(a)(1).[1]

CBM review proceeds in two stages. In the first stage, the PTO Director makes a threshold determination of whether to institute the proceeding, which requires a determination that "it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable" or that "the petition raises a novel or unsettled legal question that is important to other patents or patent applications." 35 U.S.C. § 324(a), (b). This task has been delegated to the Board by regulation. 37 C.F.R. §§ 42.4(a), 42.300(a). If review is instituted, the parties then proceed to the second stage, which involves discovery, the submission of

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[1] AIA § 18 has not been codified in the U.S. Code and can be found at 125 Stat. at 329–31. For simplicity, we cite directly to portions of the U.S. Code that AIA § 18 employs.

additional information, and the opportunity for an oral hearing. *See, e.g.*, 35 U.S.C.§ 326(a)(3), (5), (8), (10), (12). Absent dismissal, the proceeding culminates with the Board's issuance of a "final written decision" regarding the patentability of "any patent claim challenged by the petitioner," as well as of "any new claim added" during the proceeding. *Id.* § 328(a). The Board must issue its final written decision within one year after the institution of CBM review, except in narrow circumstances. *Id.* § 326(a)(11). Ultimately, Congress intended CBM review, like the programs for IPR and PGR, "to provide [a] 'quick and cost effective alternative[]' to litigation in the courts." *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*,815 F.3d 734, 741 (Fed. Cir. 2016) (quoting H.R. Rep. No.112-98, pt. 1, at 48 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 78).

B

Return Mail owns U.S. Patent No. 6,826,548 ("'548 patent"), which is the subject of the underlying CBM review as well as related litigation in the U.S. Court of Federal Claims ("Claims Court"). The '548 patent is directed to the processing of mail items that are undeliverable due to an inaccurate or obsolete address for the intended recipient. '548 patent col. 1 ll. 20–24. The patent underwent ex parte reexamination, resulting in the cancellation of all original claims and

the issuance of new claims 39–63 in January 2011.[2] Ex Parte Reexamination Certificate 6,826,548 C1.

According to its specification, "[t]he processing of mail that is returned to sender historically has been a time consuming labor-intensive process for high volume mail users." '548 patent col. 1 ll. 39–42. For instance, "[e]ven with the availability of address updating services to aid in researching for the correct address," the process of handling returned mail "[wa]s substantially a manual one subject to human error and delays." *Id.* at col. 1 ll. 39–51.

The claimed invention of the '548 patent purportedly"overcomes the historical problems with prior art manual handling" and "does so quickly, more accurately, and at substantially less cost." *Id.* at col. 1 ll. 55–59. It teaches encoding useful information, such as the name and address of intended recipients, on mail items in the form of a two-dimensional barcode. *Id.* at col. 2 ll. 4–5, col. 2 l. 66–col. 3 l. 15. Undeliverable mail items are returned to a processing location, where the barcodes are scanned. *Id.* at col. 2 ll. 14–20, col. 3 ll. 15–51. The scanned information is then processed, such as by obtaining corresponding updated address data from a computer or database, and the updated information is then electronically provided to the sender to be used as the sender deems appropriate. *Id.* at col. 2 ll. 19–27, col. 3 l. 52–col. 4 l. 33. In other words,

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[2] References to the '548 patent throughout this opinion include the Ex Parte Reexamination Certificate.

the claimed invention allows returned mail to be processed "virtually entirely automatically through the exchange of data files between computers." *Id.* at col. 6 ll. 61–64.

C

In February 2011, after trying unsuccessfully to license the '548 patent to the Postal Service, Return Mail filed suit in the Claims Court against the United States. It alleged under 28 U.S.C. § 1498(a) that the United States, through the Postal Service's actions, had "engage[d] in the unlicensed and unlawful use and infringement of the invention claimed in the '548 patent."[3] J.A 3302. Return Mail sought relief in the form of "reasonable and entire compensation." J.A. 3297.

In April 2014, the Postal Service filed a petition with the PTO for CBM review of claims 39–44 (the "challenged claims") of the reexamined '548 patent. It raised several grounds for unpatentability, including patent-ineligible subject matter under § 101, anticipation under § 102, and obviousness under § 103.

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[3] If "an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same," the owner may obtain a remedy by filing an "action against the United States in the [Claims Court] . . . for the recovery of his reasonable and entire compensation for such use and manufacture." 28 U.S.C. § 1498(a).

In response, Return Mail not only raised patentability arguments but also contested the Postal Service's ability under the AIA to petition for CBM review. The Board held that the Postal Service had statutory "standing" and instituted review of all of the challenged claims under § 101 for ineligible subject matter.[4] In its final written decision, the Board later reiterated its standing determination and held that the challenged claims were drawn to ineligible subject matter under § 101.[5]

Return Mail timely appealed. Section 329 of the AIA authorizes a party dissatisfied with the Board's final written decision to appeal to this court under 35 U.S.C. § 141(c). We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

II. DISCUSSION

On appeal, Return Mail argues that we should vacate the Board's decision because the Postal Service failed to meet the statutory standing requirement to petition for CBM review. It also argues in the

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[4] As explained below, the concept of judicial standing is distinct from that of whether a party is properly before an agency. We will refer to AIA § 18(a)(1)(B) as a "standing" provision in the sense that it sets forth a statutory prerequisite for a party to petition the PTO for CBM review.

[5] The Board also instituted CBM review under § 102 but held in the final written decision that the challenged claims were not anticipated. Anticipation is not at issue in this appeal.

alternative that we should reverse the Board's decision that the '548 patent claims 42–44 are directed to § 101 ineligible subject matter.[6] Return Mail does not challenge any other aspects of the CBM review proceeding.

A

The "starting point" for determining whether a party is properly before an agency is "the statute that confers standing before that agency." *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). Because the PTO is an administrative agency, the Article III standing requirement for a "case or controversy" does not apply to matters before it. *Id.* at 1094; *see also Koniag, Inc. v. Andrus*, 580 F.2d 601, 612 (D.C. Cir. 1978) ("Congress, in its discretion, can require that any person be admitted to administrative proceedings, whether or not that person . . . has satisfied the . . . constitutional standing requirements recognized by the Supreme Court."). Relevant to CBM review, AIA § 18(a)(1)(B) provides that "[a] person may not file a petition for [CBM review] unless the person or the person's real party in interest or privy has been *sued for infringement* of the patent or has been *charged with infringement* under that patent." (Emphases added).

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[6] Return Mail does "not directly appeal[]" the Board's determination that claims 39–41 of the '548 patent are also directed to § 101 patent-ineligible subject matter. Appellant's Opening Br. 48 n.3.

Here, the Board in its institution decision held that the Postal Service had standing because it had been sued for infringement within the meaning of AIA § 18. The Board reasoned that Return Mail filed its § 1498(a) action to hold the Postal Service "liable for its use or manufacture of a patented invention without license or lawful right, which falls within the definition of patent infringement." J.A. 50. It further held that the PTO, through regulation regarding the meaning of "charged with infringement," has made it "clear that it is the ability to seek relief in *Federal court* that is important to the standing inquiry."[7] J.A. 51.

After the Board instituted the underlying proceeding, Return Mail continued to submit that the Postal Service lacked standing to seek CBM review. The Board again rejected that contention and "incorporate[d]" its previous standing analysis into the final written decision. J.A. 12.

I

As a threshold matter, we first consider whether we have authority to review the Board's determination that the Postal Service had standing to petition for CBM review, a question that we have never previously answered. The AIA authorizes appeals from the Board's

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[7] The relevant regulation provides that "[c]harged with infringement means a real and substantial controversy regarding infringement of a [CBM] patent exists such that the petitioner would have standing to bring a declaratory judgment action in Federal court." 37 C.F.R. § 42.302(a).

final written decision in a CBM review proceeding. 35 U.S.C. § 329. But the statute also includes a "No Appeal" provision, 35 U.S.C. § 324(e), stating that "*[t]he determination by the Director whether to institute* . . . review under this section" is "final and nonappealable." (Emphasis added). The Postal Service argues that § 324(e) bars this court from revisiting whether "the Board erred in instituting the proceeding in the first place," based in part on the determination that the Postal Service had § 18(a)(1)(B) standing. Appellees' Br. 17.

As the Supreme Court recently reiterated, there is a "'strong presumption' in favor of judicial review" when interpreting "statutes that may limit or preclude review." *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (quoting *Mach Mining, LLC v. EEOC*, 135 S. Ct.1645, 1650–51 (2015)). As the party "seeking to overcome this strong presumption," the Postal Service "faces a 'heavy burden'"—it must demonstrate a contrary legislative intent "by 'clear and convincing' evidence." *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1320 (Fed. Cir. 2015) (quoting *Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 671–72 (1986)). To the extent any "doubt about congressional intent exists, the general presumption favoring judicial review of rights-changing administrative action is controlling." *Id.*

Even though the Board initially determined in its institution decision that the Postal Service had standing, that fact alone does not preclude judicial

review. The AIA draws a "clear and common-sense distinction" between a final written decision by the Board and an earlier decision whether to institute CBM review. *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1312 (Fed. Cir. 2015). But not all issues fall neatly into that dichotomy. Some issues are not necessarily confined to one stage of CBM review or the other, and the Board may later decide, as it did here, to revisit a determination previously made at the institution phase. We have held that the availability of judicial review does not hinge on such "timing" or "[o]verlap" of issues. *Versata*, 793 F.3d at 1319. Thus, even if § 18(a)(1)(B) standing is best addressed at the institution stage so as to avoid unnecessary proceedings, that the Board first decided it at the institution stage in this case is not enough, by itself, to bar judicial review.

The Postal Service submits that the Supreme Court's decision in *Cuozzo* and this court's decision in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015),[8] confirm that the Board's determination that the Postal Service had standing to petition for CBM review is not reviewable. Both cases interpreted the scope of 35 U.S.C. § 314(d), an analogous no-appeal provision for the IPR program. Because the pertinent language of § 314(d) is identical to that of § 324(e), case law interpreting the scope of § 314(d) bears on the scope of § 324(e). *See CBOCS W.*,

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[8] The en banc court is currently considering the continued viability of *Achates* in *Wi-Fi One, LLC v. Broadcom Corp.*, 2015-1944, -1945, -

Inc. v. Humphries, 553 U.S. 442, 457 (2008) ("[C]onsiderations of stare decisis strongly support our adherence to [precedent] and the long line of related cases where we interpret [related statutory provisions] similarly."). Nevertheless, we conclude that *Cuozzo* and *Achates* are distinguishable and do not dictate the availability of judicial review in this case.

In *Cuozzo*, the Supreme Court interpreted § 314(d) to bar judicial review of determinations under 35 U.S.C. § 314(a) regarding the "reasonable likelihood" of success of an IPR petition, as well as challenges grounded "in a statute closely related to that decision to institute [IPR]." 136 S. Ct. at 2142 (internal quotation marks omitted). The Court held that the dispute at issue—whether the petitioner met a statutory requirement to set forth grounds for an IPR petition with particularity—was barred by § 314(d) from judicial review because it merely amounted to an "ordinary dispute" about the PTO's decision to institute and was grounded in "a statute closely related to th[e] decision to institute." *Id.* at 2139, 2142. Here, in contrast, whether a party is statutorily allowed to petition for CBM review does not amount to "little more than a challenge to the [PTO's] conclusion" about the petition's likelihood of success on the merits.[9] *Id.* at 2142. Nor is it a "minor statutory technicality" that can

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[9] As noted above, a CBM petition must show that, if unrebutted, it is "more likely than not" that the petitioner would prevail. 35 U.S.C. § 324(a). That the threshold for instituting an IPR is, instead, "reasonable likelihood" of success under 35 U.S.C. § 314(a) is immaterial for purposes of this case.

be cured by a more precise or fulsome filing. *Id.* at 2140. The Board's determination of whether a party is qualified under § 18(a)(1)(B) to petition for CBM review is a condition precedent independent from a threshold analysis regarding the likelihood of success of the information contained in the petition. *See City of Arlington v. FCC*, 133 S. Ct. 1863, 1869 (2013) (explaining that federal agencies' "power to act and how they are to act is authoritatively prescribed by Congress, so that when they act improperly, . . . what they do is ultra vires").

The Postal Service's reliance on *Achates* is also unavailing. There, we held that the PTO's determination that a petitioner has satisfied 35 U.S.C. § 315(b)'s statutory time bar to petition for IPR is unreviewable because that requirement "does not impact the Board's authority to invalidate a patent claim—it only bars particular petitioners from challenging the claim." *Achates*, 803 F.3d at 657. The Postal Service argues that § 18(a)(1)(B) similarly affects only *who* can file a petition—i.e., as long as a proper petitioner requests CBM review of a patent, the Board's authority to cancel that patent is unaffected. We disagree.

Achates is distinguishable based on differences in the statutory framework for IPR and CBM review. First, for IPR proceedings, any "person who is not the owner of [the challenged] patent" can petition for review of a patent. 35 U.S.C. § 311(a). Put another way, "[p]arties that initiate the [IPR] proceeding need not

have a concrete stake in the outcome." *Cuozzo*, 136 S. Ct. at 2143. In contrast, by requiring a petitioner for CBM review to have been sued for or charged with infringement of the underlying patent,§ 18(a)(1)(B) ensures that CBM review is limited to parties who have some stake in the outcome. If a party is barred by § 18(a)(1)(B) from petitioning for CBM review of a patent, it cannot be assumed that the same patent could be challenged by an unrelated third party.[10] To treatthese distinct grants of authority as coterminous would require us to ignore the plain terms of the respective statutes. We may not do so. *See Dep't of Homeland Sec. v. MacLean*, 135 S. Ct. 913, 919 (2015) ("Congress generally acts intentionally when it uses particular language in one section of a statute but omits

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[10] For example, Return Mail represents that it has only ever asserted the '548 patent against the Postal Service, such that no other party has an arguable basis under § 18(a)(1)(B) to challenge the patent through CBM revew.

Although the PTAB may issue a final written decision in a CBM review if no petitioner remains, this does not mean that we do not have the authority to review the government's standing to file the petition. It is true that the PTAB "may terminate the [CBM] review or proceed to a final written decision" if "no petitioner remains in the post-grant review." 35 U.S.C. § 327(a). However, that does not mean that the PTAB may proceed to a final written decision if the party filing the petition lacked standing to do so, for it would render meaningless the conditions precedent for PTO action in § 18(a)(1) and license the PTO to act *ultra vires*. *See Astoria Fed. Sav. & Loan Ass'n v. Solimino*, 501 U.S. 104, 112 (1991) (holding that courts should avoid constructions that would render statutory text "superfluous"); *see also City of Arlington*, 133 S. Ct. at 1869 (explaining that federal agencies may act only pursuant to the authority conferred by Congress).

it another." (citation omitted)); *see also Conn. Nat'l Bank v. Germain*, 503 U.S. 249, 253–54 (1992) ("[C]ourts must presume that a legislature says in a statute what it means and means in a statute what it says there."). Second, the IPR time bar, "like other '[f]iling deadlines,' . . . is merely a 'rule[] that seek[s] to promote the orderly progress of litigation by requiring that the parties take certain procedural steps at certain specified times.'" *Achates*, 803 F.3d at 658 (alterations in original) (quoting *Henderson ex rel. Henderson v. Shinseki*, 562 U.S. 428, 435 (2011)). Unlike the IPR time bar which is simply a procedural requirement that rights be exercised in a timely manner, § 18(a)(1)(B) relates to a party's right to seek CBM review in the first instance.

There is no doubt that, despite the AIA's no-appeal provisions, judicial review remains available on questions of "whether the [Board] exceeded statutory limits on its authority to invalidate." *Versata*, 793 F.3d at 1319; *see also Cuozzo*, 136 S. Ct. at 2141 (holding that § 314(d) does not preclude judicial review when the PTO "act[s] outside its statutory limits"). As we have explained, to hold otherwise would "run counter" to both the language of the no-appeal provisions (restricted to determinations of whether to institute) and "our long tradition of judicial review of government actions that alter the legal rights of an affected person." *Versata*, 793 F.3d at 1319. For example, in *Versata* we held that this court could review the Board's determination of whether a patent is a CBM patent under AIA § 18(a)(1)(E) because that statutory

provision limits the Board's authority to invalidate a patent. *Id.* at 1320. The § 18(a)(1)(B) standing requirement at issue here appears in the same subsection and similarly limits the Board's authority to invalidate a patent through CBM review. Even though it is not phrased in terms of what the Director can or cannot do, Congress placed an express limitation on the reach of the CBM review program, a "special review regime" that is only available for an eight-year transitional period. *Id.* Where determinations are "fundamental or 'jurisdictional,' in the sense that their existence is a condition precedent to the operation of the statutory scheme[,] [such] fundamental requirements are . . . indispensable to the application of the statute . . . because the Congress has so provided explicitly." *Crowell v. Benson*, 285 U.S. 22, 54–55 (1932) (footnote omitted).

The legislative history of the AIA supports our conclusion that questions related to a party's standing touch upon the PTO's ultimate authority to act. Congress explained that the PTO's ability to conduct CBM review "is limited in certain respects" and highlighted that the PTO "cannot" grant a petition "unless the petitioner or his real party in interest has been sued for infringement of the patent or has been charged with infringement." H.R.Rep. No. 112-98, at 80 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 105. That Congress did not intend the PTO to act absent a petition filed by a party with the requisite standing confirms that § 18(a)(1)(B) provides a fundamental limitation on the PTO's authority.

For the foregoing reasons, we hold that § 324(e) does not bar judicial review of the Board's decision that a party satisfies § 18(a)(1)(B)'s requirements to petition for CBM review.

2

We turn now to the Board's determination that the Postal Service had standing to petition for CBM review because it had been "sued for infringement" of the '548 patent within the meaning of § 18(a)(1)(B).

At the outset, the parties disagree on the applicable standard of review. The Postal Service argues that the Board's determination is subject to arbitrary-and-capricious review under the Administrative Procedure Act ("APA"), while Return Mail contends that de novo review applies. It is true that we review PTO decisions under the standards set forth in the APA, but those standards allow us to also set aside agency actions that are "not in accordance with law." 5 U.S.C. § 706(2); *see Pride Mobility Prods. Corp. v. Permobil, Inc.*, 818 F.3d 1307, 1313 (Fed. Case: 16-1502 Document: 55-2 Cir. 2016) (reciting APA standards). Accordingly, where, as here, the parties' arguments raise a purely legal question of statutory interpretation, we apply de novo review.[11] *In re Affinity Labs of Tex., LLC*, 856 F.3d 883,

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[11] The Postal Service submits that the Board's interpretation of "sued for infringement" "comports with previous guidance provided in rulemaking from the PTO." Appellees' Br. 27–28 (citing 77 Fed. Reg. 48,734, 48,742; 77 Fed. Reg. 48,680, 47,726). But there is no assertion that we should defer to those PTO

889 (Fed. Cir. 2017); *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, 848 F.3d 1370, 1377 (2017).

Return Mail makes several cogent arguments why a § 1498(a) suit, in some sense, is not one for "infringement." But while we recognize there are important differences between § 1498(a) suits against the government and suits for infringement against private parties, these differences, along with Return Mail's other arguments, are insufficient to compel a conclusion that Congress intended to exclude a government-related party sued under § 1498(a) from being able to petition for CBM review.

a

Before discussing whether being sued under § 1498(a) constitutes being "sued for infringement" under § 18(a)(1)(B), we provide an overview of the nature of a § 1498(a) suit.

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remarks under *Chevron, U.S.A. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), or *Auer v. Robbins*, 519 U.S. 452 (1997). Indeed, the PTO's rulemaking on § 18(a)(1)(B) repeats the statute's "sued for infringement" language without interpreting it. *See* 37 C.F.R. § 42.302(a) (stating that a petitioner for CBM review must have been "sued for infringement or . . . charged with infringement" and then defining only "charged with infringement"). We do not give deference to an agency regulation that merely "parrot[s]" statutory language. *Gonzales v. Oregon*, 546 U.S. 243, 257 (2006).

Prior to the enactment of § 1498(a), the Supreme Court held that the government had not waived sovereign immunity for patent infringement actions sounding in tort. *Schillinger v. United States*, 155 U.S. 163, 170 (1894); *see also United States v. Berdan Fire-Arms Mfg. Co.*, 156 U.S. 552, 565–66 (1895) ("Even if there were findings sufficient to show that the government had in any manner infringed upon this patent, . . . a mere infringement, which is only a tort, creates no cause of action cognizable in the court of claims."). In other words, absent a contractual relationship with the government, "a patent holder lacked a remedy for infringement by the United States." *Zoltek Corp. v. United States*, 672 F.3d 1309, 1315 (Fed. Cir. 2012) (en banc in relevant part). Congress responded in 1910 by enacting the precursor to § 1498(a), under which the government assumes liability for the "use or manufacture" of a claimed invention "by or for the United States without license of the owner thereof or lawful right to use or manufacture the same." 28 U.S.C. § 1498(a).

Section 1498(a) "is an eminent domain statute,"wherein the government "has consented thereunder only to be sued for its taking of a patent license." *Decca Ltd. v. United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980); *see also Leesona Corp. v. United States*, 599 F.2d 958, 964 (Ct. Cl. 1979) (discussing § 1498's basis in eminent domain); *Tektronix, Inc. v. United States*, 552 F.2d 343, 346 (Ct. Cl. 1977) ("It is settled that recovery of reasonable compensation under § 1498 is premised on a theory of an eminent domain

taking under the Fifth Amendment."). The government therefore remains immune from suit under the Patent Act, which provides that "[a] patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. § 281.

Return Mail submits that because § 1498(a) is grounded in eminent domain, it cannot be a suit for "infringement." We disagree. It is true that this provision "creates its own independent cause of action," which is "'only parallel and not identical'" to an infringement action under the Patent Act. *Zoltek*, 672 F.3d at 1321 (quoting *Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984)). We have held that certain relief otherwise available to a patentee under the Patent Act is unavailable in § 1498(a) actions, such as § 283 injunctive relief, § 284 treble damages, § 285 exceptional case attorney fees, and § 287 damages limitations based on a failure to mark. *Motorola*, 729 F.2d at 768 n.3, 772. None of those distinctions, however, relates to the underlying basis of liability in a § 1498(a) suit.

Return Mail selectively quotes from *Motorola*, relying on our statement that the government "is *not a putative infringer* but is deemed a licensee." *Motorola*, 729 F.2d at 772 (emphasis added). But *Motorola* says that the government is "not in the position of an *ordinary* infringer," not that the government cannot infringe. 729 F.2d at 768 (emphasis added). In fact, *Motorola* has language tying § 1498(a) to infringement, stating that "the Government can only be *sued for any*

direct infringement of a patent." *Id.* at 768 n.3 (emphasis added). And, to be sure, we and our predecessor court have often described § 1498(a) suits as alleging "infringement." *See, e.g.*, *Zoltek*, 672 F.3d at 1327 ("[Section] 1498(a) creates a[] . . . cause of action for direct infringement by the Government or its contractors.. . . [U]nder § 1498(a) the Government has waived its sovereign immunity for direct infringement[] . . . ."); *Decca*, 640 F.2d at 1167 (characterizing § 1498(a) as a waiver of sovereign immunity "with respect to a direct governmental infringement of a patent" (footnote omitted)).

Return Mail separately points out that the word "infringement" is absent from the text of § 1498(a), whereas neighboring provisions in 28 U.S.C. §§ 1498(b) and 1498(d) expressly refer to, respectively, copyright "infringement" and "infringement" of certificate of plant variety protection. *See* Plant Variety Protection Act, Pub. L. 91-577, 84 Stat. 1542, 1559 (1970) (adding 28 U.S.C. § 1498(d)); Act of September 8, 1960, Pub. L. 86-726, 74 Stat. 855, 856 (adding § 1498(b)); Act of June 25, 1910, Pub. L. No. 61-305, 36 Stat. 851 (enacting precursor to § 1498(a)). We are not persuaded that the absence of the word "infringement" from § 1498(a), which was enacted before both §§ 1498(b) and 1498(d), carries dispositive weight. Indeed, that Congress subsequently characterized governmental encroachment on other rights as "infringement" may actually support a reading that Congress also understood infringement to be the basis for governmental liability in the patent context. The

legislative history of § 1498(a) can be credibly interpreted to support this understanding. *See, e.g.*, H.R. Rep. No. 61-1288, at 1 (1910) (noting that the precursor to § 1498(a) was intended "to enlarge the jurisdiction of the Court of Claims so that said court may entertain suits against the United States *for the infringement or unauthorized use* of a patented invention, in certain cases, and award reasonable compensation to the owner of the patent" (emphasis added)); H.R. Rep. No. 82-1726, at 3 (1952) (referring to § 1498(a) suits as "suit[s] for patent infringement" when amending the statute).

Return Mail appears to argue that the government cannot infringe because infringement requires action without authority, and the government has an implied license to practice patented inventions. Appellant's Opening Br. 43 (arguing that the government "has 'undoubted authority . . . to exert the power of eminent domain' over a patented invention"). But the text of § 1498(a) provides that liability attaches when the government acts "without license . . . or lawful right." In other words, when the government uses or manufactures a patented invention, it is not presumed to have a preexisting license or lawful right to do so. *Cf. Leesona*, 599 F.2d at 965 ("When the government has infringed, it is deemed to have 'taken' [a] patent license under an eminent domain theory.").

b

We turn next to the scope of the term "sued for infringement" in § 18(a)(1)(B). Again, this subsection provides that a person may not file a petition for CBM review of a patent unless the person, or the person's real party in interest or privy, has been "sued for infringement of the patent" or "charged with infringement under that patent." Section 18 does not define the term "infringement."[12]

The Postal Service argues that in normal usage the word "infringement" "is used to describe a claim under a § 1498 action." Appellees' Br. 29. Return Mail appears to acknowledge that the ordinary meaning of "infringement" is broad. *See* Appellant's Opening Br. 44 ("[T]he term 'infringement' is often shorthand for whether the accused activity meets all the limitations of

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[12] Neither party discusses the significance, if any, of the term "person" in § 18(a)(1)(B). We note that "[i]n common usage th[e] term ['persons'] does not include the sovereign, and statutes employing it will ordinarily not be construed to do so." *United States v. United Mine Workers of Am.*, 330 U.S. 258, 275 (1947). At the same, however, there is "no hard and fast rule of exclusion, and much depends on the context, the subject matter, legislative history, and executive interpretation." *Wilson v. Omaha Indian Tribe*, 442 U.S. 653, 667 (1979). Return Mail has waived reliance on the term "person" because it failed to make any arguments in that regard in its opening brief. *See SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006) ("Our law is well established that arguments not raised in the opening brief are waived.")

a patent claim.").[13] But Return Mail argues that Congress used the term "infringement" more narrowly to refer to infringement under the Patent Act, Title 35 of the U.S. Code. Under 35 U.S.C. § 271(a), direct infringement occurs when someone "without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention." Because the government is immune from suit under the Patent Act, Return Mail contends that the government cannot be sued for "infringement" as defined in that statute.

Applying fundamental canons of statutory construction, we agree with the Postal Service that being sued under § 1498(a) is broad enough to encompass being sued for "infringement" as that term is used in § 18(a)(1)(B).

It is well-established that when a statute does not define a term, "words will be interpreted as taking their ordinary, contemporary, common meaning" at the time that Congress enacted the statute. *Perrin v. United States*, 444 U.S. 37, 42 (1979). Courts may look to dictionaries in use when Congress enacted a statute to inform the ordinary meaning of a term. *See Taniguchi v. Kan Pac. Saipan, Ltd.*, 132 S. Ct. 1997, 2002–04 (2012) (surveying relevant dictionaries to interpret a statute). Common usage of the term "infringement" in

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[13] Return Mail's § 1498(a) complaint accused the Postal Service of "infringing" the '548 patent in multiple instances. *See, e.g.*, J.A. 3297 ¶ 1, J.A. 3302 ¶ 21.

the patent law context refers to "[a]n act that interferes with one of the exclusive rights of a patent[] . . . owner." *Infringement*, Black's Law Dictionary (9th ed. 2009). Those rights include "the right to exclude others from making, using, offering for sale, or selling [the claimed] invention throughout the United States or importing the invention into the United States." 35 U.S.C. § 154(a)(1); *see also Impression Prods., Inc. v. Lexmark Int'l., Inc.*, 137 S. Ct. 1523, 1534 (2017) ("What a patent adds—and grants exclusively to the patentee—is a limited right to prevent others from [using, selling, or importing an item]."). Accordingly, patent infringement encompasses "[t]he unauthorized making, using, offering to sell, selling, or importing into the United States of any patented invention," which, not surprisingly, closely tracks the language of the Patent Act. *Patent Infringement*, Black's Law Dictionary (9th ed. 2009) (citing 35 U.S.C. § 271(a)).

But nothing in the text of § 18(a)(1)(B) indicates an intent to restrict "infringement" to suits that fall under the Patent Act. Congress is presumed to be "aware of existing law when it passes legislation." *Mississippi ex rel. Hood v. AU Optronics Corp.*, 134 S. Ct. 736, 742 (2014). When Congress enacted the AIA in 2011, the law did not preclude § 1498(a) suits from being suits for infringement. Congress could have easily specified the phrase "sued for infringement" to require being sued for infringement under 35 U.S.C. § 271 or otherwise excluded § 1498 suits from the definition of "sued for

infringement," but it did not do so.[14] We may not rewrite the statute on Congress's behalf. *See United States v. Fausto*, 484 U.S. 439, 453 (1988) ("[I]t can be strongly presumed that Congress will specifically address language on the statute books that it wishes to change."). And adopting Return Mail's preferred construction of § 18(a)(1)(B) as limited to infringement under § 271 would impose additional conditions not present in the statute's text. *See Norfolk Dredging Co. v. United States*, 375 F.3d 1106, 1111 (Fed. Cir. 2004) (holding that courts must avoid "add[ing] conditions" to the applicability of a statute that do not appear in the provision's text). Precedent counsels against us doing so. Under the ordinary meaning of "infringement," a § 1498(a) suit is squarely one for government infringement of a patent. When a patent owner brings a § 1498(a) suit, it alleges that the government has unlawfully interfered with its rights by manufacturing or using the patented invention. Those activities "come[] within the scope of the right to exclude granted in 35 U.S.C. § 154(a)(1)." *Zoltek*, 672 F.3d at 1327. Indeed, in *Zoltek*, we "defined 'without lawful right' for purposes of § 1498(a)" to overlap with direct

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[14] Return Mail notes that in *Suprema, Inc. v. International Trade Commission*, 796 F.3d 1338 (Fed. Cir.2015) (en banc), we referred to § 271 as "the statutory provision defining patent infringement." *Id.* at 1346. We made that comment in the context of 19 U.S.C. § 1337, which makes it unlawful to import infringing articles and, like the Patent Act, does not apply to the government. *See* 19 U.S.C. § 1337(l). Our statement in *Suprema* was not a global conclusion that only § 271 suits allege infringement, and it was not related to construing the statute at issue here.

infringement—i.e., "use of an invention that, if done by a private party, would directly infringe the patent." *Id.* at 1323. Liability under this provision, like liability under § 271(a), requires a showing that "each limitation is present in the accused product or process," such that the government "*would be liable for direct infringement* of the patent right for such use or manufacture if [it] was a private party." *Id.* at 1319 (emphasis added). Accordingly, § 1498 encompasses "any direct infringement that would normally require a license by a private party." *Id.* at 1320. Infringement is a prerequisite to § 1498(a) liability; the government's infringement triggers its obligation to pay just compensation. *See James v. Campbell*, 104 U.S. 356, 357–58 (1881) (holding that a patent "confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation"); *see also Crozier v. Fried Krupp Aktiengesellschaft*, 224 U.S. 290, 303 (1912) (interpreting an earlier iteration of § 1498 and explaining that "[t]he text of this statute leaves no room to doubt that it was adopted in contemplation of the contingency of the assertion by a patentee that rights secured to him by a patent had been invaded for the benefit of the United States by one of its officers; *that is, that such officer, under the conditions stated, had infringed a patent.*" (emphasis added)).

We acknowledge Return Mail's argument that allowing the government, when sued under § 1498(a), to petition for CBM review may create tension with the

estoppel provision for CBM review. AIA § 18(a)(1)(D) provides:

> The petitioner in a transitional proceeding that results in a final written decision under [35 U.S.C. § 328(a)] with respect to a claim in a [CBM] patent, or the petitioner's real party in interest, may not assert, *either in a civil action arising in whole or in part under [28 U.S.C. § 1338], or in a proceeding before the International Trade Commission under [19 U.S.C. § 1337]*, that the claim is invalid on any ground that the petitioner raised during that transitional proceeding.

(Emphasis added). This estoppel provision applies to petitioners litigating in district court or the ITC, but it is silent as to petitioners litigating in the Claims Court.

Return Mail argues that the legislative history demonstrates that Congress intended estoppel to be the cornerstone of the post-grant review process, as it "recognize[d] the importance of quiet title to patent owners to ensure continued investment resources." Appellant's Reply Br. 24–25 (alteration in original) (quoting H.R. Rep. No. 112-98, pt. 1, at 48 (2011)). Yet construing § 18(a)(1)(B) to allow the government to petition for CBM review, as we do today, means that the government would enjoy the unique advantage of not being estopped in the Claims Court from re-litigating grounds raised during a CBM review proceeding.

The Postal Service does not dispute the oddity of this result and acknowledges that the government would not be subject to estoppel under this construction. Appellees' Br. 32 & n.9. Although this raises certain policy concerns, Congress is better suited to address them by revising the estoppel provisions for CBM review should it see fit. Thus, we leave the soundness of exempting the government from the estoppel provision to Congress, as precedent demands. *See Blount v. Rizzi*, 400 U.S. 410, 419 (1971) ("[I]it is for Congress, not this Court, to rewrite the statute."); *see also Office of Pers. Mgmt. v. Richmond*, 496 U.S. 414, 434 (1990) ("[T]his Court has never upheld an assertion of estoppel against the Government by a claimant seeking public funds.").

The dissent does not disagree with our interpretation of "sued for infringement" but, instead, believes that the word "person" dictates a different result. We respectfully disagree. First, neither Return Mail nor the Postal Service discusses the significance, if any, of the word "person" as used in § 18(a)(1)(B). This issue is distinct and independent from the dispute before us regarding the meaning of the phrase "sued for infringement." Return Mail's failure to develop any arguments on this issue would typically constitute waiver. *See SmithKline Beecham*, 439 F.3d at 1319 ("Our law is well established that arguments not raised in the opening brief are waived."); *see also Nat. Res. Def. Council, Inc. v. EPA*, 25 F.3d 1063, 1074 (D.C. Cir. 1994) ("[F]ailure to raise a particular question of

statutory construction before an agency constitutes waiver of the argument in court.").[15]

Second, even assuming the issue is not waivable or is important enough to address without the benefit of the parties' briefing, we are not persuaded that the word "person" upends the applicability of § 18(a)(1)(B) to the government. The dissent relies on a presumption that "[i]n common usage th[e] term ['persons'] does not include the sovereign, and statutes employing it will ordinarily not be construed to do so." *United Mine Workers of Am.*, 330 U.S. at 275. But when determining the scope of the term "person," there is "no hard and fast rule of exclusion, and much depends on the context, the subject matter, legislative history, and executive interpretation." *Wilson*, 442 U.S. at 667. And any presumption that the term "person" excludes the government carries less weight here because the statute "confer[s] a benefit or advantage" to the government, rather than "a burden or limitation." *Id.*; *see also Will*

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[15] The dissent characterizes these statements as the majority having "h[e]ld" that this issue was waived. Dissenting Op. 1–2. Not so. We observe that the failure to brief an issue ordinarily constitutes waiver under our precedent. The dissent, in contrast, declares—unequivocally—that the issue cannot be waived. *Id.* at 3. Yet the cases it relies on in support do not sustain its conclusion, but rather merely address waiver in the Article III context or implicate our case-by-case discretion to entertain a waived issue in spite of our well established precedent to the contrary. Although we express our doubts regarding the dissent's analysis and conclusions on waiver, we respond to its concerns in the paragraphs that follow working from its own assumption that the issue cannot be waived.

v. Mich. Dep't of State Police, 491 U.S. 58, 64 (1989) (stating that the exclusion of sovereigns from "person" "is particularly applicable where it is claimed that Congress has subjected the States to liability to which they had not been subject before").

Contrary to the dissent's allegation that we improperly construe this provision "in isolation" from the context of the whole Act, Dissenting Op. 8–9 n.1, we apply the "premise that [a] term should be construed, if possible, to give it a consistent meaning throughout [an] Act." *Gustafson v. Alloyd Co.*, 513 U.S. 561, 568 (1995). The AIA does not appear to use the term "person" to exclude the government in other provisions. For example, its provisions on intervening rights provide that "[a]ny proposed amended or new claim determined to be patentable and incorporated into a patent" after an IPR, PGR, or CBM review has "the same effect as that specified in [35 U.S.C. § 252] for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim." 35 U.S.C. §§ 318(c), 328(c); *see also, e.g.*, *id.* § 311(a) (making IPR available to any "person who is not the owner of [the challenged] patent").

The dissent, on the other hand, places great emphasis on the "statutory balance" Congress created through the AIA's estoppel provisions to support its interpretation of this statute. Dissenting Op. 7–9. Yet it relies on these estoppel provisions—a policy

consideration—to inform the construction of a word for which it, itself, concedes the legislative history does not directly address.[16] *Id.* at 4. In doing so, and in the absence of briefing, the dissent engages in mere speculation that Congress intended to exclude the government from filing petitions despite the lack of a record or any indication that it intended this result. Indeed, it is not our role to speculate on these policy concerns in the absence of Congressional guidance and rely on them to justify rewriting the plain language of a statute. To do so would be the classic example of letting the tail wag the dog.[17] For the reasons set forth above, we believe the better reading of "person" in § 18(a)(1)(B) does not exclude the government.

The creation of the CBM review framework stemmed from a "general concern, including within the

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[16] Specifically, the dissent argues that it is reasonable to assume that Congress did not intend to include the United States because it would have complicated enactment of the AIA. Dissenting Op. 4. Yet it concedes that the legislative record does not explore what the dissent characterizes as these "potential complexities," nor does it even attempt to define what they entail. *Id.*

[17] To further support its estoppel argument, the dissent observes that the CBM statute makes no mention of infringement litigation in the Claims Court—the principal reason why the government can circumvent these estoppel provisions under our interpretation. Dissenting Op. 7. But again, the solution to the dissent's concern is for Congress to "correct" this imbalance should it see fit, rather than allow this potential inequity to drive our interpretation of the plain language of the statute.

halls of Congress, regarding litigation abuse over business method patents." *Versata*, 793 F.3d at 1325. Congress therefore created CBM review as a "special review regime, over and above any other authority the [Board] might have," for quickly reviewing such patents viewed to be especially prone to litigation abuse. *Id.* at 1320. This regime was so unusual that Congress placed an eight-year time limit on it. *Id.* It is not surprising, then, that § 18(a)(1)(B) ensures that the CBM patent being challenged is the subject of an existing infringement controversy. There does not appear to be any reason, and Return Mail has provided none, to curtail the ability of the government to initiate a CBM proceeding when, like a party sued in federal district court or the ITC, it has interests at stake with respect to the patent it has been accused of infringing.[18]

We therefore conclude that the Postal Service was "sued for infringement" within the meaning of § 18(a)(1)(B) when Return Mail filed the Claims Court suit against it under § 1498(a). Because § 18(a)(1)(B)'s requirements to be either "sued for infringement" or "charged with infringement" are disjunctive, we do not reach whether the Postal Service was also "charged with infringement."

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[18] The parties have not pointed to any evidence in the legislative history that compels us to reach a different statutory interpretation.

B

Next, we address whether the Board erred in holding that claims 42–44 of the '548 patent are directed to § 101 patent-eligible subject matter. We apply de novo review to "questions concerning compliance with the doctrinal requirements of § 101." *Versata*, 793 F.3d at 1331.

Return Mail emphasizes that the claims at issue on appeal for purposes of § 101—claims 42–44 of the '548 patent—recite encoding a particular type of information: information "indicating whether the sender wants a corrected address to be provided for the addressee." Ex Parte Reexamination Certificate, '548 patent col. 2 ll. 4–6. If the sender wants updated address information, that information is transferred to the sender to enable it to update its mailing address files. *Id.* at col. 2 ll. 17–20. If not, information regarding the returned mail is nevertheless posted on a network so that the sender can access it. *Id.* at col. 2 ll. 21–24.

The parties treat claim 42 of the '548 patent as representative for purposes of the § 101 inquiry:[19]

> 42. A method for processing a plurality of undeliverable mail items, comprising:

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[19] Return Mail does not advance any separate arguments with respect to dependent claims 43–44.

receiving from a sender a plurality of mail items, each including i) a written addressee, and ii) *encoded data indicating whether the sender wants a corrected address to be provided for the addressee*;

identifying, as undeliverable mail items, mail items of the plurality of mail items that are returned subsequent to mailing as undeliverable;

decoding the encoded data incorporated in at least one of the undeliverable mail items;

creating output data that includes a customer number of the sender and at least a portion of the decoded data;

determining the sender wants a corrected address provided for intended recipients based on the decoded data;

if the sender wants a corrected address provided, electronically transferring to the sender information for the identified intended recipients that enable the sender to update the sender's mailing address files; and

if the sender does not want a corrected address provided, posting return mail data records on a network that is accessible to the sender to enable the sender to access the records.

Id. at col. 2 ll. 1–24 (emphases added).

Section 101 of the Patent Act defines patent-eligible subject matter to include "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. Under well-established case law, this provision implicitly excludes "laws of nature, natural phenomena, and abstract ideas" from the realm of patent-eligible subject matter. *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). The Supreme Court has set forth a two-step framework for determining whether patent claims are drawn to a patent-ineligible concept. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 77–78 (2012)). First, one "determine[s] whether the claims at issue are directed to" a law of nature, natural phenomenon, or abstract idea. *Id.* If so, the second step is to "search for an inventive concept," namely "an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself." *Id.* (alteration in original) (internal quotation marks omitted).

1

Under *Alice* step 1, Return Mail contends that claims 42–44 may *involve* the abstract idea of "relaying mailing address data" but are not *directed* to such an abstract idea. Appellant's Opening Br. 48–50. The Supreme Court has cautioned that, "lest [the

exclusionary principle] swallow all of patent law," an invention that simply "involves" an abstract idea is not patent ineligible under § 101. *Alice*, 134 S. Ct. at 2354. Return Mail focuses on two reasons why claims 42–44 merely involves an abstract idea: first, the claims do not preempt other systems for relaying mailing address data; and second, they are directed to a specific improvement to technology for relaying mailing address data.

We agree with the Board that claims 42–44 are directed to the abstract idea of "relaying mailing address data." J.A. 17. Claim 42 recites "receiving from a sender a plurality of mail items," "identifying undeliverable mail items," "decoding . . . encoded data," "creating output data," and "determining if the sender wants a corrected address." Ex Parte Reexamination Certificate, '548 patent col. 2 ll. 1–24. These steps are analogous to the steps of "collecting data," "recognizing certain data within the collected data set," and "storing that recognized data in memory," which we found to be abstract under Step 1 in *Content Extraction & Transmission LLC v. Wells Fargo Bank, National Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014), *cert. denied*, 136 S. Ct. 119 (2015). And "[t]he mere combination of data sources [similarly] . . . does not make the claims patent eligible." *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1097 (Fed. Cir. 2016).

Return Mail's contention that claims 42–44 are directed to a specific improvement in the area of returnedmail processing is unavailing. Appellant's

Opening Br. 50. "[L]imit[ing] the abstract idea to a particular environment," here a mail processing system with generic computing technology, "does not make the claims any less abstract for the step 1 analysis." *In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 613 (Fed. Cir. 2016). The claims at issue are not analogous to claims "directed to a specific implementation of a solution to a problem in the software arts," which we have held not to be directed to an abstract idea. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). Encoding and decoding mail recipient information—including whether the sender wants a corrected address—are processes that can, and have been, performed in the human mind. The claims here simply recite that existing business practice with the benefit of generic computing technology. That is insufficient to make the claims any less abstract under step 1.

2

We also reject Return Mail's argument that claims 42–44 are patent-eligible under *Alice* step 2 for reciting an inventive concept that transforms the abstract idea into "something more." *Alice*, 134 S. Ct. at 2354. The claims only recite routine, conventional activities such as identifying undeliverable mail items, decoding data on those mail items, and creating output data. We are also not persuaded by Return Mail's emphasis on the limitations reciting particular types of encoded data or particular uses of that data once decoded, such as sending the data or making it available to the sender, depending on the sender's preferences. These additional

steps amount to a basic logic determination of what to do given a user's preferences. None of the recited steps, alone or together, suffice to transform the abstract idea into patent-eligible subject matter. They are akin to the routine, conventional steps of "updating an activity log, requiring a request from the consumer to view [an] ad, restrictions on public access, and use of the Internet," which we have held do not supply an inventive concept under step 2. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 2907 (2015).

Return Mail contends that claims 42–44 allow the sender to take other steps, "such as deleting obsolete address from a subsequent mailing," that do not appear in the claim language. Appellant's Opening Br. 15–16. In addition, Return Mail points to hardware, such "a mail sorter, optical scanner, databases, application servers, and the mail itself" to argue that claims 42–44 result in an "improvement to an existing technological process." *Id.* at 54–55. However, those limitations do not appear in the subject claims; instead, the claims focus only on encoding and decoding certain information and placing that information over a network. Ex Parte Reexamination Certificate, '548 patent col. 2 ll. 1–24. Thus, there isno basis in the claim language to import these steps andcomponents. *Synopsys, Inc. v. Mentor Graphics Corp.*, 839F.3d 1138, 1149 (Fed. Cir. 2016) ("The § 101 inquiry must focus on the language of the Asserted Claims themselves."); *see also Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013)